



SNC • LAVALIN

Management's Discussion and Analysis

Third Quarter and First Nine Months of 2020 versus
Third Quarter and First Nine Months of 2019

October 29, 2020

All financial information in Canadian dollars, unless otherwise indicated

Table of Contents

1	Our Business	6
2	How We Analyze and Report Our Results	7
3	Third Quarter and First Nine Months of 2020 Executive Summary	13
4	Financial Performance Analysis	16
5	Backlog (Remaining Performance Obligations)	30
6	Liquidity and Capital Resources	33
7	Related Party Transactions	41
8	Accounting Policies and Changes	41
9	Non-IFRS Financial Measures and Additional IFRS Measures	41
10	Risks and Uncertainties	49
11	Controls and Procedures	52
12	Quarterly Information	53
13	Events After the Reporting Period	54

Management's Discussion and Analysis

October 29, 2020

Management's Discussion and Analysis ("MD&A") is designed to provide the reader with a greater understanding of the Company's business, the Company's business strategy and performance, as well as how it manages risks and capital resources. It is intended to enhance the understanding of the unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020 and 2019 and accompanying notes, and should therefore **be read in conjunction with that document, with the annual Management's Discussion and Analysis dated February 27, 2020 ("2019 Annual MD&A"), as updated by: (a) the Management's Discussion and Analysis of the first quarter of 2020 dated May 6, 2020 ("Q1-2020 MD&A"); and (b) the Management's Discussion and Analysis of the second quarter of 2020 dated July 30, 2020 ("Q2-2020 MD&A"), and the annual audited consolidated financial statements and accompanying notes for the years ended December 31, 2019 and December 31, 2018, and should also be read together with the text below on forward-looking statements.** Reference in this MD&A to the "Company" or to "SNC-Lavalin" means, as the context may require, SNC-Lavalin Group Inc. and all or some of its subsidiaries or joint arrangements or associates, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint arrangements or associates. Unless otherwise specified, references to "Sections" means Sections of this MD&A.

The Company's quarterly and annual financial information, its Annual Information Form, its Management Proxy Circular, other financial documents and additional information relating to the Company are available on both the Company's website at www.snclavalin.com and through SEDAR at www.sedar.com. SEDAR is the electronic system for the official filing of documents by public companies with the Canadian securities regulatory authorities. None of the information contained on, or connected to the SNC-Lavalin website is incorporated by reference herein or otherwise forms part of this MD&A.

Unless otherwise indicated, all financial information presented in this MD&A, including tabular amounts, is in **Canadian dollars**, and is prepared in accordance with **International Financial Reporting Standards ("IFRS")**. **Certain totals, subtotals and percentages may not reconcile due to rounding. Not applicable ("N/A") is used to indicate that the percentage change between the current and comparative figures is not meaningful, or if the percentage change exceeds 1,000%.**

Non-IFRS Financial Measures and Additional IFRS Measures

Certain indicators used by the Company to analyze and evaluate its results, which are listed in the table below, are non-IFRS financial measures or additional IFRS measures. Consequently, they do not have a standardized meaning as prescribed by IFRS, and therefore may not be comparable to similar measures presented by other issuers. Management believes that, in addition to conventional measures prepared in accordance with IFRS, these non-IFRS financial measures provide additional insight into the Company's financial results and certain investors may use this information to evaluate the Company's performance from period to period. However, these non-IFRS financial measures have limitations and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

NON-IFRS FINANCIAL MEASURE OR ADDITIONAL IFRS MEASURE

Performance

- Adjusted diluted earnings per share ("**Adjusted diluted EPS**")
- Adjusted earnings (loss) before net financial expenses (income), income taxes, depreciation and amortization ("**Adjusted EBITDA**")
- Adjusted net income (loss) attributable to SNC-Lavalin shareholders
- Earnings (loss) before net financial expenses (income) and income taxes ("**EBIT**")
- Earnings (loss) before net financial expenses (income), income taxes, depreciation and amortization ("**EBITDA**")
- Return on average shareholders' equity ("**ROASE**")
- Segment Adjusted EBIT
- Segment Adjusted EBITDA
- Segment Adjusted EBIT over revenues (%)
- Segment Adjusted EBITDA over revenues (%)

Liquidity

- Current ratio
- Net recourse debt (or Cash net of recourse debt)
- Working capital

Definitions of all non-IFRS financial measures and additional IFRS measures are provided in Section 9 to give the reader a better understanding of the indicators used by management. In addition, when applicable, the Company provides a clear quantitative reconciliation from the non-IFRS financial measures to the most directly comparable measure calculated in accordance with IFRS, refer to Section 9 for references to the sections of this MD&A where these reconciliations are provided.

Comparative figures

Effective as of the second quarter of 2020, the measure of profit or loss of each segment is referred to (without any change to this financial measure's composition) as Segment Adjusted EBIT (formerly "Segment EBIT") to clarify that this measure excludes items other than interest and taxes. Also, effective as of the second quarter of 2020, the Company presents the financial results of Capital outside of SNCL Engineering Services to further simplify the presentation of financial information excluding Capital. This change, which only modified the presentation of financial information provided, was made in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8") resulting in the restatement of prior period figures.

Forward-Looking Statements

Statements made in this MD&A that describe the Company's or management's budgets, estimates, expectations, forecasts, objectives, predictions, projections of the future or strategies may be "forward-looking statements", which can be identified by the use of the conditional or forward-looking terminology such as "aims", "anticipates", "assumes", "believes", "cost savings", "estimates", "expects", "goal", "intends", "may", "plans", "projects", "should", "synergies", "target", "vision", "will", or the negative thereof or other variations thereon. Forward-looking statements also include any other statements that do not refer to historical facts. Forward-looking statements also include statements relating to the following: i) future capital expenditures, revenues, expenses, earnings, economic performance, indebtedness, financial condition, losses and future prospects; ii) business and management strategies and the expansion and growth of the Company's operations; and iii) the expected impacts of the ongoing COVID-19 pandemic on the business and its operating and reportable segments as well as elements of uncertainty related thereto and other near-term risks and uncertainties. All such forward-looking statements are made pursuant to the "safe-harbour" provisions of applicable Canadian securities laws. The Company cautions that, by their nature, forward-looking statements involve risks and uncertainties, and that its actual actions and/or results could differ materially from those expressed or implied in such forward-looking statements, or could affect the extent to which a particular projection materializes. Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of the Company's current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Company's business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

Forward-looking statements made in this MD&A are based on a number of assumptions believed by the Company to be reasonable on October 29, 2020. The assumptions are set out throughout the Company's 2019 Annual MD&A (particularly in the sections entitled "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" and "How We Analyze and Report our Results") and as updated in the Q1-2020 MD&A, in the Q2-2020 MD&A and in this MD&A. If these assumptions are inaccurate, the Company's actual results could differ materially from those expressed or implied in such forward-looking statements. In addition, important risk factors could cause the Company's assumptions and estimates to be inaccurate and actual results or events to differ materially from those expressed in or implied by these forward-looking statements. These risks include, but are not limited to: (a) impacts of the COVID-19 pandemic and other near-term risks and uncertainties; (b) results of the new 2019 strategic direction coupled with a corporate reorganization; (c) fixed-price contracts or the Company's failure to meet contractual schedule, performance requirements or to execute projects efficiently; (d) contract awards and timing; (e) remaining performance obligations; (f) being a provider of services to government agencies; (g) international operations; (h) Nuclear liability; (i) ownership interests in Capital investments; (j) dependence on third parties; (k) joint ventures and partnerships; (l) information systems and data; (m) competition; (n) professional liability or liability for faulty services; (o) monetary damages and penalties in connection with professional and engineering reports and opinions; (p) insurance coverage; (q) health and safety; (r) qualified personnel; (s) work stoppages, union negotiations and other labour matters; (t) extreme weather conditions and the impact of natural or other disasters and global health crises; (u) intellectual property; (v) divestitures and the sale of significant assets; (w) impact of operating results and level of indebtedness on financial situation; (x) liquidity and financial position; (y) indebtedness; (z) security under the SNC-Lavalin Highway Holdings Loan; (aa) dependence on subsidiaries to help repay indebtedness; (bb) dividends; (cc) post-employment benefit obligations, including pension-related obligations; (dd) working capital requirements; (ee) collection from customers; (ff) impairment of goodwill and other assets; (gg) outcome of pending and future claims and litigations; (hh) ongoing and potential investigations; (ii) settlements; (jj) further regulatory developments as well as employee, agent or partner misconduct or failure to comply with anti-bribery and other government laws and regulations; (kk) reputation of the Company; (ll) inherent limitations to the Company's control framework; (mm) environmental laws and regulations; (nn) Brexit; (oo) global economic conditions; and (pp) fluctuations and volatility in commodity prices.

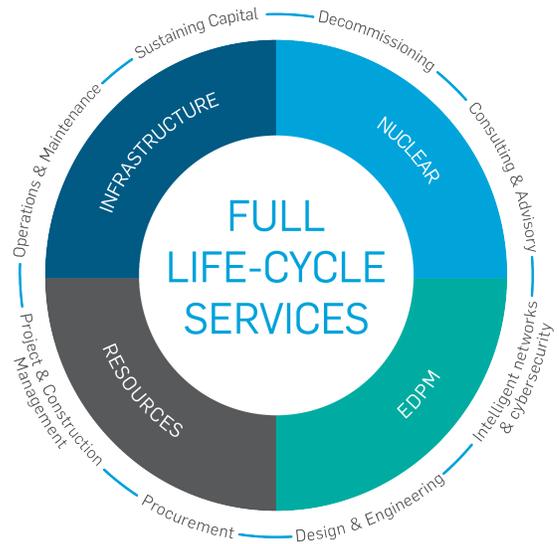
The Company cautions that the foregoing list of factors is not exhaustive. For more information on risks and uncertainties, and assumptions that could cause the Company's actual results to differ from current expectations, please refer to the sections "Risks and Uncertainties", "How We Analyze and Report Our Results" and "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" in the Company's 2019 Annual MD&A, as updated in the Q1-2020 MD&A, in the Q2-2020 MD&A and in this MD&A, each filed with the securities regulatory authorities in Canada, available on SEDAR at www.sedar.com and on the Company's website at www.snc-lavalin.com under the "Investors" section.

The forward-looking statements herein reflect the Company's expectations as at October 29, 2020, when the Company's Board of Directors approved this document, and are subject to change after this date. The Company does not undertake to update publicly or to revise any such forward-looking statements whether as a result of new information, future events or otherwise, unless required by applicable legislation or regulation.

1 Our Business

Founded in 1911, **SNC-Lavalin** is a fully integrated professional services and project management company with offices around the world.

SNC-Lavalin connects people, technology and data to help shape and deliver world-leading concepts and projects, while offering comprehensive innovative solutions across the asset lifecycle. Our expertise is wide-ranging – consulting & advisory, intelligent networks & cybersecurity, design & engineering, procurement, project & construction management, operations & maintenance (“O&M”), decommissioning and sustaining capital.



SNC-Lavalin maintains exceptionally high standards for health and safety, ethics and compliance, and environmental protection. The Company is committed to delivering quality projects on budget and on schedule to the complete satisfaction of its clients.

In certain parts of this MD&A, activities from Professional Services & Project Management are collectively referred to as “PS&PM” (formerly referred to as E&C) to distinguish them from “Capital” activities. PS&PM groups together five of the Company’s segments, namely EDPM, Nuclear, Infrastructure Services, Resources and Infrastructure EPC Projects, while Capital is its own reportable segment and separate from PS&PM.

2

How We Analyze and Report Our Results

2.1 HOW WE REPORT OUR RESULTS

The Company presents its financial information consistent with the manner in which management evaluates performance by regrouping its activities in six reportable segments, namely: (i) EDPM; (ii) Nuclear; (iii) Infrastructure Services; (iv) Resources; (v) Infrastructure EPC Projects; and (vi) Capital.

In addition, we further report certain results and provide certain financial information separately for (i) Professional Services & Project Management (“**PS&PM**”) activities across our lines of business, which is thus comprised of five of our six segments, namely EDPM, Nuclear, Infrastructure Services, Resources and Infrastructure EPC Projects, and (ii) **Capital**.

PS&PM

What we report in PS&PM includes contracts generating revenues derived mainly from consulting & advisory, intelligent networks & cybersecurity, design & engineering, procurement, project & construction management, O&M, decommissioning and sustaining capital. It also includes revenues from lump-sum turnkey (“LSTK”) construction contracts, for which the Company ceased to bid in July 2019, except for certain repetitive EPC offerings that are lower-risk, standardized solutions.

EDPM incorporates all consultancy, engineering, design and project management services around the world (including the Canadian market, which was previously in the former Infrastructure segment prior to January 1, 2019). It also leads our efforts to transform the global infrastructure sector by leveraging data and technology to improve the delivery of our clients’ projects from conception through to eventual operation. EDPM projects are mainly in transportation (including rail, mass transit, roads and airports), civil infrastructure, aerospace, defence and security and technology, including some of the world’s most transformational projects. A significant portion of EDPM’s revenues are derived from the public sector, including national, provincial, state and local and municipal authorities. Similar to the first nine months of 2019, the EDPM segment derived all of its revenues during the first nine months of 2020 from reimbursable and engineering service contracts.

Nuclear supports clients across the entire nuclear life cycle with the full spectrum of services from consultancy, EPCM services, field services, technology services, spare parts, reactor support and decommissioning and waste management. As stewards of the CANDU technology, it also provides new-build and full refurbishment services of CANDU reactors. The Nuclear segment derives its revenues from reimbursable and engineering service contracts (first nine months of 2020: 99%; first nine months of 2019: 97%), and LSTK construction contracts (first nine months of 2020: 1% from one legacy LSTK construction contract; first nine months of 2019: 3% from two legacy LSTK construction contracts).

Infrastructure Services includes O&M projects, as well as the Company’s repetitive EPC offerings that are lower-risk, standardized solutions for: i) district cooling plants; and ii) power substations executed through its Linxon subsidiary. The segment also includes engineering solutions in hydro, transmission and distribution, renewables, energy storage, and intelligent networks and cybersecurity. Segment Adjusted EBIT includes the contribution attributable to non-controlling interests. As such, the Segment Adjusted EBIT of Linxon, a 51% subsidiary, is reported at 100% both in 2020 and in 2019. The Infrastructure Services segment derives its revenues from both reimbursable and engineering service contracts (first nine months of 2020: 60%; first nine months of 2019: 60%) and standardized EPC contracts (first nine months of 2020: 40%; first nine months of 2019: 40%).

Combined, the three segments described above are presented under the SNCL Engineering Services line of business, while in previous periods, SNCL Engineering Services also included Capital.

Resources provides a full suite of delivery services to the oil & gas and mining & metallurgy sectors, covering the project lifecycle from project development through project delivery and support services. Resources have ceased bidding for new EPC projects under the LSTK construction contracting model. Resources is now focused on providing engineering, EPCM, project management consultancy (“PMC”), construction & commissioning and technical support services through a lower risk contracting model. Operational delivery is focused on key regions and global clients. The Resources segment derives its revenues from reimbursable and engineering service contracts (first nine months of 2020: 88%; first nine months of 2019: 66%) and LSTK construction contracts (first nine months of 2020: 12%; first nine months of 2019: 34%). In July 2020, the Company announced that it had decided to transform its Resources Business to focus on a Services offering in a limited number of existing primary markets, which complement the Company’s broader engineering services capabilities and strategy. For more details on the transformation plan for Resources, see Section 3.2 “Executive Summary - Other Items - Transformation of Resources Business”.

Infrastructure EPC Projects includes LSTK construction contracts related to mass transit, heavy rail, roads, bridges, airports, ports and harbours and water infrastructure. In addition, Infrastructure EPC Projects includes the LSTK construction contracts related to the former Clean Power segment, as well as from thermal power activities which the Company exited in 2018. The Company decided, in July 2019, to cease bidding on new LSTK construction contracts. The Infrastructure EPC Projects segment derives its revenues from LSTK construction contracts (first nine months of 2020: 98%; first nine months of 2019: 100%) and reimbursable and engineering service contracts (first nine months of 2020: 2%; first nine months of 2019: 0%).

Combined, the two segments described above are presented under the SNCL Projects line of business.

Contracts that provide for engineering, procurement and construction management services are often referred to as “EPCM” contracts. Contracts that include engineering services, providing materials and providing or fabricating equipment, and construction activities are often referred to as “EPC” contracts.

While our contracts are negotiated using a variety of contracting options, PS&PM revenues are derived primarily from three major types of contracts: reimbursable and engineering service contracts, LSTK construction contracts, and standardized EPC contracts. PS&PM contracts can be found in the following segments and lines of business (excluding Capital):

PS&PM Breakdown					
	SNCL Engineering Services Line of Business			SNCL Projects Line of Business	
	EDPM Segment	Nuclear Segment	Infrastructure Services Segment	Infrastructure EPC Projects Segment	Resources Segment
Reimbursable and engineering service contracts	✓	✓	✓	✓	✓
LSTK construction contracts	N/A	N/A ⁽¹⁾	N/A	✓	✓
Standardized EPC contracts	N/A	N/A	✓	N/A	N/A

⁽¹⁾ Nuclear includes certain legacy LSTK construction contracts.

The Company derives its PS&PM revenues from reimbursable and engineering service contracts (first nine months of 2020: 81%; first nine months of 2019: 75%), standardized EPC contracts (first nine months of 2020: 7%; first nine months of 2019: 5%) and LSTK construction contracts (first nine months of 2020: 12%; first nine months of 2019: 20%).

CAPITAL

Capital is SNC-Lavalin's investment, financing and asset management arm, responsible for developing projects, arranging financing, investing equity, undertaking complex financial modeling and managing its infrastructure investments for optimal returns. Its activities are principally concentrated in infrastructure such as bridges, highways, mass transit systems, power facilities, energy infrastructure, water treatment plants and social infrastructure (e.g. hospitals). The Capital segment includes SNC-Lavalin's 20% ownership interest in and management of SNC-Lavalin Infrastructure Partners LP.

Capital's business model incorporates new project creation in the Company's PS&PM segments, as well as the Company's geographical regions. Furthermore, many countries are turning to the private sector to take ownership, finance, operate and maintain their assets, usually for a defined period of time.

These arrangements allow for the transfer to the private sector of many of the risks associated with designing, building, operating, maintaining and financing such assets. In return, the client will either: i) commit to making regular payments, usually in the form of availability payments, upon the start of operations of the infrastructure for a defined period of time (typically 20 to 40 years); or ii) authorize the infrastructure concession entity to charge users of the infrastructure for a defined period of time; or iii) a combination of both.

All investments are structured to earn a return on capital adequate for the risk profile of each individual project. Capital investment revenues are generated mainly from dividends or distributions received by SNC-Lavalin from the investment concession entities or from all or a portion of an investment concession entity's revenues or net results, depending on the accounting method required by IFRS.

It is the Company's view that the aggregate fair value of its Capital investments is much higher than their net book value of \$418.3 million as at September 30, 2020. The Company's remaining stake of 6.76% in 407 International Inc. ("Highway 407 ETR") represents the most significant portion of the total fair value of the Company's Capital investments portfolio.

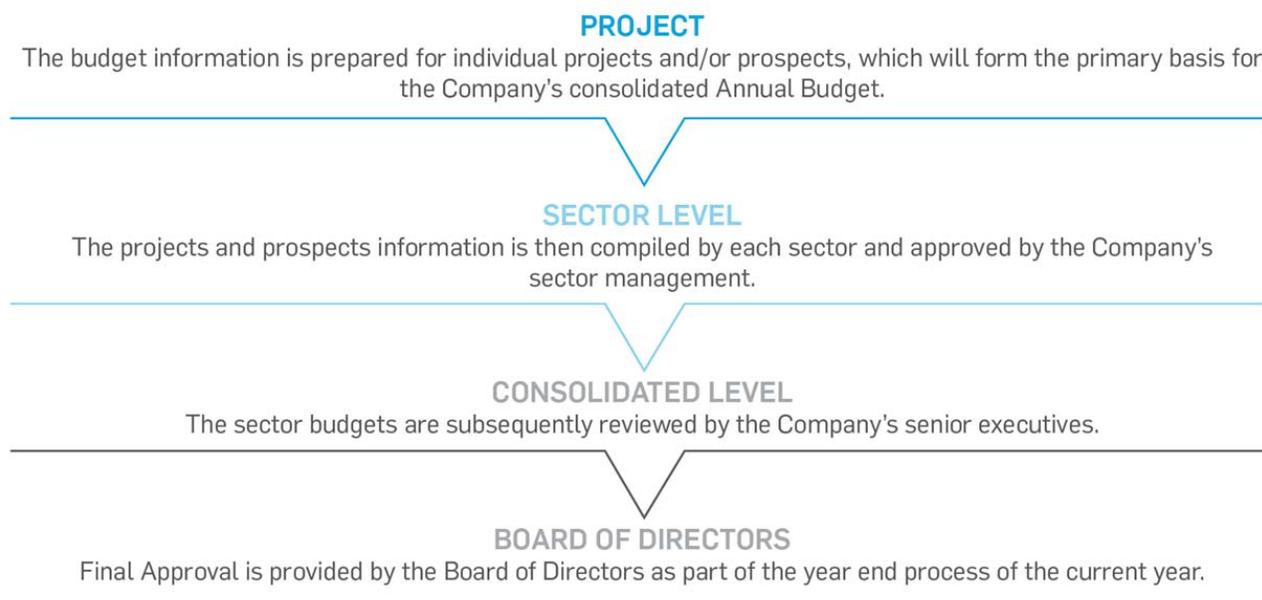
As at September 30, 2020 and December 31, 2019, the net book value of Capital investments can be summarized as follows:

(IN MILLIONS CA\$)	SEPTEMBER 30 2020	DECEMBER 31 2019
Highway 407 ETR ⁽¹⁾	\$ —	\$ —
Others	418.3	356.0
Total	\$ 418.3	\$ 356.0

⁽¹⁾ The net book value is \$nil as the Company had previously stopped recognizing its share of the losses of Highway 407 ETR when the cumulative losses and dividends resulted in a negative balance for the Company's investment in Highway 407 ETR.

2.2 HOW WE BUDGET AND FORECAST OUR RESULTS

The Company prepares a formal annual budget (“Annual Budget”) in the fourth quarter of each year.



The Annual Budget is a key tool used by management to monitor the Company's performance and progress against key financial objectives in accordance with the Company's strategic plan. The Company updates its annual expected results in the first, second and third quarters (“Quarterly Forecasts”), which are also presented to the Board of Directors. In addition, the performance of each project (i.e. its estimated revenues and costs to complete) is reviewed by the relevant project manager and, depending on the size and risk profile of the project, by, among others, key management personnel, including the divisional manager, the business unit executive vice-president, the sector president, the Chief Financial Officer and the Chief Executive Officer.

The key elements taken into account when estimating revenues and gross margin for budget and forecast purposes from PS&PM activities are the following:

KEY ELEMENTS	IMPACT ON THE ANNUAL BUDGET
Backlog	Firm contracts used to estimate a portion of future revenues taking into account the execution and expected performance of each individual project.
Prospects list	Unsigned contracts that the Company is currently bidding on, and/or future projects on which it intends to bid. Management selects specific prospects, which are deemed representative of its upcoming activities, to include in the budget together with other sources of revenues such as recurring business from known clients and expected service orders under master service agreements.
Execution and expected performance	Revenues and costs (or execution) of projects are determined on an individual project basis for major projects or by groups of projects and take into consideration assumptions on risks and uncertainties that can have an impact on the progress and/or profitability of that project. This includes, but is not limited to, performance of the Company's employees and of subcontractors or equipment suppliers, as well as price and availability of labour, equipment and materials.

Regarding its **Capital** budget and forecast, the Company establishes the expected results based on assumptions specific to each investment.

One of the key management tools for monitoring the Company's performance is the monthly and quarterly evaluation and analysis of actual results compared with the Annual Budget or the Quarterly Forecasts, for revenues and profitability. This enables management to analyze its performance and, if necessary, take remedial actions.

Variations from plan may arise mainly from the following:

SOURCE OF VARIATION	EXPLANATION
Level of activity	Variation depends on the number of newly awarded, ongoing, completed or near-completed projects, and on the progress made on each of these projects in the period.
Changes in the estimated costs to complete each individual project ("cost reforecasts")	Variation of the estimated costs to complete projects for fixed-price contracts result in either a positive or negative impact to a project's results. Increases or decreases in profitability for any given fixed-price project are largely dependent on project execution.
Changes in the estimated revenues and in the recovery of such revenues	Variation of the estimated revenues of projects, including the impact from change orders and claims, as well as the change in estimates on the recovery of trade receivables and contract assets may impact the financial results of the Company.
Changes in the results of its Capital investments	Variation in the financial results of each Capital investment accounted for under the consolidation or equity methods will impact the financial results of the Company. Additions to the Company's Capital investments portfolio, or divestitures from it, can also impact the Company's results.
Level of selling, general and administrative expenses	Variation in selling, general and administrative expenses has a direct impact on the profitability of the Company. The level of selling, general and administrative expenses is influenced by the level of activity, and can depend on several other factors not related to project execution or performance that can be recurring or not.
Acquisition-related costs and integration costs	Business acquisitions might require the Company to incur significant acquisition-related costs and integration costs, which have an impact on actual and future results.
Restructuring costs, goodwill and other intangible assets impairment	Changes made to the way the Company operates, closure of certain locations where it conducts business, modifications to its offerings and changes in market perspectives might result, among other factors, in restructuring costs, goodwill and other intangible assets impairment, having an impact on actual and future results.
Income taxes	Variation in income taxes impact the profitability of the Company, and depends on various factors, such as the geographic areas in which the Company is present, the statutory tax rates enacted, the nature of the revenues earned by the Company, the recoverability of deferred tax assets as well as tax assessments made by authorities.
Financial expense	Variation in interest rates could have an impact on the Company's results, as some of its financing bears interest at a variable rate.
Foreign exchange	As the Company operates in many countries, foreign currency exchange rates can cause variances to estimates as the budgets and forecasts are prepared at specific rates. It should be noted that the Company has a foreign exchange hedging policy that limits the volatility in results caused by foreign exchange fluctuations.

SOURCE OF VARIATION	EXPLANATION
<p>Unforeseen impacts related to ongoing and continued duration of COVID-19 pandemic</p>	<p>Although the Company’s financial and operational results commencing during the latter part of the first quarter of 2020 demonstrated a measure of resilience to the COVID-19 pandemic as described elsewhere in this MD&A, the duration, scope, severity and full impacts of COVID-19 (including a second and possible subsequent waves) continue to remain inherently uncertain and difficult to quantify and account for and plan for in the Company’s budgeting and planning processes, and any outlook or guidance for the remainder of 2020 has not factored in any potential further adverse impacts of COVID-19 beyond what was generally known by the Company up to October 29, 2020. Refer to the updated risk factor entitled “Impacts of the COVID-19 Pandemic and other near-term risks and uncertainties” in Section 10 of this MD&A” for a description of the various risks and uncertainties posed by COVID-19 to the Company and its business and financial affairs.</p>

3

Third Quarter and First Nine Months of 2020 Executive Summary

3.1 EXECUTIVE SUMMARY – KEY FINANCIAL INDICATORS

FINANCIAL HIGHLIGHTS

(IN MILLIONS OF CA\$, EXCEPT EARNINGS (LOSS) PER SHARE)	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Income Statements				
Revenues	\$ 2,005.7	\$ 2,432.2	\$ 6,188.0	\$ 7,079.5
EBIT ⁽¹⁾	(10.0)	3,108.0	(155.0)	1,008.0
EBITDA ⁽¹⁾	62.7	3,207.3	109.9	3,193.6
Net income (loss) attributable to SNC-Lavalin shareholders	(85.1)	2,756.7	(262.7)	621.1
Net income (loss) for the period	(84.4)	2,756.6	(256.8)	619.6
Earnings (loss) per share diluted (“Diluted EPS”) (in \$)	(0.48)	15.70	(1.50)	3.54
Revenues from PS&PM	1,966.8	2,352.6	6,081.2	6,853.0
Net income (loss) attributable to SNC-Lavalin shareholders from PS&PM	(110.6)	116.9	(274.8)	(2,134.2)
Adjusted net income (loss) attributable to SNC-Lavalin shareholders from PS&PM ⁽¹⁾	(58.4)	165.3	(100.5)	(149.4)
Diluted EPS from PS&PM (in \$)	(0.63)	0.67	(1.57)	(12.16)
Adjusted diluted EPS from PS&PM (in \$) ⁽¹⁾	(0.33)	0.94	(0.57)	(0.85)
Adjusted PS&PM EBITDA (% of revenues from PS&PM) ⁽¹⁾	3.7%	7.9%	3.2%	1.6%
Financial Position & Cash Flows				
Cash and cash equivalents (2019 at December 31)			\$ 1,150.5	\$ 1,188.6
Cash net of recourse debt (Net recourse debt) (2019 at December 31) ⁽¹⁾			(293.8)	7.7
Net cash generated from (used for) operating activities			16.9	(667.5)
Additional Indicator				
Revenue backlog (at September 30)			\$ 13,953.5	\$ 15,632.7

⁽¹⁾ Non-IFRS financial measures or additional IFRS measures. Please refer to Section 9 for further information on these financial measures and for the reference to the reconciliation from these financial measures to the most directly comparable measure specified under IFRS, when applicable.

The Company's financial highlights reflect the following major items:

- Cash and cash equivalents of \$1.2 billion at the end of September 2020 and \$2.3 billion unused under the Company's second amended and restated credit agreement dated as of April 30, 2018 (as amended from time to time, the “Credit Agreement”);
- Revenue backlog of \$14.0 billion as at September 30, 2020, with the Company continuing to run-off LSTK backlog;
- A net loss attributable to SNC-Lavalin shareholders of \$85.1 million (loss of \$0.48 per diluted share) in the third quarter of 2020, compared with a net income of \$2,756.7 million (\$15.70 per diluted share) in the corresponding quarter of 2019, as the latter included a net gain on the disposal of a 10.01% stake of Highway 407 ETR of \$2,587.8 million. The net loss attributable to SNC-Lavalin shareholders for the third quarter of 2020 includes a negative Segment Adjusted EBIT of \$75.0 million in the Resources segment, mainly from a \$57.9 million unfavorable arbitration ruling on a completed LSTK legacy project, as well as a \$53.3 million reduction of previously recognized deferred income tax assets resulting from a re-assessment of the future recoverability of loss carryforwards in the United States, and restructuring costs of \$32.8 million before taxes (\$25.8 million after taxes) mainly related to the Resources and EDPM segments and a loss on disposals of

PS&PM businesses. The net income attributable to SNC-Lavalin shareholders from PS&PM in the third quarter of 2019 included \$82.7 million tax recoveries on capital losses, following the capital gain on disposal of a 10.01% stake in Highway 407 ETR.

3.2 EXECUTIVE SUMMARY – OTHER ITEMS

COVID-19 PANDEMIC

On March 27, 2020, the Company announced actions taken in response to the economic disruptions resulting from the COVID-19 pandemic while continuing to closely monitor and adjust its plans for its different business segments and customers in response to the evolving situation. In response to the rapidly emerging economic disruptions and impacts from COVID-19, most of the Company's SNCL Engineering Services personnel have continued servicing clients from non-office-based locations and the Company has transitioned work among different jurisdictions as required. The Company also announced that management was undertaking actions and measures focused on reducing costs and managing cash flow across the Company to provide flexibility in addressing varying levels of revenue and customer business, including significantly reducing discretionary expenditure where not required to directly support client delivery and the freezing of capital expenditure. Where it is not possible for employees to carry on productive client work, either due to temporary shutdowns or the nature of the client service, remedial actions are being taken. Across the broader employee population this has included reductions in base pay and hours, temporary leaves of absence and furloughs. All of SNC-Lavalin's executive leadership took a 20% reduction in base salary and members of the Company's Board of Directors took a 20% reduction in cash compensation for the second quarter of 2020. SNCL Engineering Services business has been resilient through COVID-19, with modest revenue decreases in both the second and third quarters of 2020, compared to the corresponding prior year periods, and a strong financial performance, as the decisive and early actions that management took to align costs have proven to be effective and allowed the Company to continue delivering for its customers. In some geographies, the Company benefited from government support in the second and third quarters of 2020 that was primarily aimed at preventing job losses, re-hiring workers previously laid off as a result of COVID-19, and better positioning the Company to resume normal operations following the crisis. While such government support largely offset the costs incurred by the Company in the second and third quarters of 2020 to maintain capacities in excess of demand-driven employment requirements in certain regions, the Company stands ready to take additional cost action in the future should the situation demand, while looking to preserve its world class capability to be ready and available to deliver for its customers when the economic recovery begins.

See also Section 10, "Risks and Uncertainties" for a more specific update on certain risks and uncertainties of the COVID-19 pandemic.

TRANSFORMATION OF RESOURCES BUSINESS

The Company announced in July 2019 that it would be exploring all options with regard to its Resources Business, as part of its decision to exit LSTK contracting and focus on its high potential Engineering Services. The Company subsequently decided, and announced, in July 2020, that it would be transforming its Resources Business to focus on a Services offering in a limited number of existing primary markets, which complement the Company's broader engineering services capabilities and strategy. The new Resources Services business will provide a targeted service offering to customers focused on engineering consulting, project management services, and advising on construction management in the energy, mining and metallurgy sectors.

The resulting Resources Services business will be focused on the primary markets of the Americas and the Middle East, exiting all non-primary markets through either sale or closure, such as the recent agreements to dispose of the South African Resources business and European fertilizer business based in Belgium. Resizing the business resulted in restructuring costs of \$58.1 million in the first nine months of 2020.

CHANGE TO THE COMPANY'S BOARD OF DIRECTORS

On September 10, 2020, the Company announced the appointment of William (Bill) L. Young as Chairman of the Board of Directors, effective September 9, 2020. He replaced the Honourable Kevin G. Lynch who served as Chairman since 2017.

ISSUANCE OF SERIES 6 DEBENTURES AND REPURCHASE OF A PORTION OF 2020 DEBENTURES

In the third quarter of 2020, SNC-Lavalin issued, on a private placement basis, new unsecured Series 6 Debentures in the principal amount of \$300 million, which bear interest at the rate of 3.80% *per annum* and mature on August 19, 2024. The net proceeds from this offering amounted to \$297.6 million and were used as follows: (i) to repay certain outstanding indebtedness under SNC-Lavalin's Revolving Facility; (ii) to fund the repurchase, through open market purchases, of \$40 million of the outstanding 2020 Debentures (which mature on November 24, 2020) (plus accrued and unpaid interest thereon up to closing); and (iii) for general corporate purposes.

4 Financial Performance Analysis

The financial information presented in the table below has been derived from the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020 and 2019 prepared in accordance with IAS 34, *Interim Financial Reporting*, with the exception of the non-IFRS financial measures specifically identified in the "Additional financial indicators" section below.

(IN MILLIONS OF CA\$, EXCEPT EARNINGS (LOSS) PER SHARE)	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Revenues	\$ 2,005.7	\$ 2,432.2	\$ 6,188.0	\$ 7,079.5
Segment Adjusted EBIT ⁽¹⁾ - Total	\$ 79.3	\$ 207.9	\$ 188.2	\$ 191.4
Corporate selling, general and administrative expenses	\$ 25.3	\$ 19.8	\$ 80.2	\$ 45.9
Impairment loss arising from expected credit losses	—	0.3	1.0	0.8
Loss (gain) arising on financial assets (liabilities) at fair value through profit or loss	0.7	(9.7)	61.6	11.8
Restructuring costs	32.8	19.3	89.3	71.4
Amortization of intangible assets related to business combinations	23.2	41.7	103.6	142.0
Acquisition-related costs and integration costs	—	(0.8)	—	8.3
Gain on disposal of a Capital investment	—	(2,970.8)	—	(2,970.8)
Loss on disposals of PS&PM businesses	7.5	—	7.5	0.2
Impairment of intangible assets related to business combinations	—	—	—	72.8
Impairment of goodwill	—	—	—	1,801.0
Earnings (loss) before interest and income taxes	\$ (10.0)	\$ 3,108.0	\$ (155.0)	\$ 1,008.0
Net financial expenses	\$ 29.3	\$ 42.1	\$ 87.2	\$ 187.5
Earnings (loss) before income taxes	\$ (39.3)	\$ 3,065.9	\$ (242.1)	\$ 820.5
Income taxes	\$ 45.1	\$ 309.3	\$ 14.7	\$ 201.0
Net income (loss) for the period	\$ (84.4)	\$ 2,756.6	\$ (256.8)	\$ 619.6
Net income (loss) attributable to:				
SNC-Lavalin shareholders	\$ (85.1)	\$ 2,756.7	\$ (262.7)	\$ 621.1
Non-controlling interests	0.7	(0.1)	5.9	(1.5)
Net income (loss) for the period	\$ (84.4)	\$ 2,756.6	\$ (256.8)	\$ 619.6
Earnings (loss) per share (in \$):				
Basic	\$ (0.48)	\$ 15.70	\$ (1.50)	\$ 3.54
Diluted	\$ (0.48)	\$ 15.70	\$ (1.50)	\$ 3.54
Additional financial indicators:				
Net income (loss) attributable to SNC-Lavalin shareholders from PS&PM	\$ (110.6)	\$ 116.9	\$ (274.8)	\$ (2,134.2)
Diluted EPS from PS&PM (in \$)	\$ (0.63)	\$ 0.67	\$ (1.57)	\$ (12.16)
Adjusted diluted EPS from PS&PM (in \$) ⁽¹⁾	\$ (0.33)	\$ 0.94	\$ (0.57)	\$ (0.85)
Adjusted EBITDA from PS&PM ⁽¹⁾	\$ 72.8	\$ 184.9	\$ 197.3	\$ 112.3

⁽¹⁾ Non-IFRS financial measure or additional IFRS measure. Please refer to Section 9 for further information on these financial measures and for the reference to the reconciliation from these financial measures to the most directly comparable measure specified under IFRS, when applicable.

4.1 REVENUES AND SEGMENT ADJUSTED EBIT ANALYSIS

(IN MILLIONS CA\$)	THIRD QUARTERS			
	2020		2019 ⁽¹⁾	
BY SEGMENT	REVENUES	SEGMENT ADJUSTED EBIT	REVENUES	SEGMENT ADJUSTED EBIT
EDPM	\$ 899.0	\$ 81.1	\$ 969.8	\$ 102.6
Nuclear	225.1	36.2	213.4	39.5
Infrastructure Services	323.6	25.1	318.7	33.6
SNCL Engineering Services - Total	\$ 1,447.7	\$ 142.4	\$ 1,501.9	\$ 175.7
Resources	282.3	(75.0)	562.0	(47.3)
Infrastructure EPC Projects	236.8	(25.1)	288.7	2.3
SNCL Projects - Total	\$ 519.1	\$ (100.1)	\$ 850.6	\$ (45.0)
PS&PM - Total	1,966.8	42.2	2,352.6	130.8
Capital	38.9	37.1	79.6	77.1
Total	\$ 2,005.7	\$ 79.3	\$ 2,432.2	\$ 207.9

(IN MILLIONS CA\$)	NINE MONTHS ENDED SEPTEMBER 30			
	2020		2019 ⁽¹⁾	
BY SEGMENT	REVENUES	SEGMENT ADJUSTED EBIT	REVENUES	SEGMENT ADJUSTED EBIT
EDPM	\$ 2,777.8	\$ 217.4	\$ 2,924.9	\$ 264.4
Nuclear	683.3	103.8	679.0	82.3
Infrastructure Services	990.9	65.2	839.8	53.3
SNCL Engineering Services - Total	\$ 4,452.0	\$ 386.4	\$ 4,443.7	\$ 399.9
Resources	987.6	(255.4)	1,626.4	(290.3)
Infrastructure EPC Projects	641.6	(40.3)	782.9	(129.9)
SNCL Projects - Total	\$ 1,629.2	\$ (295.7)	\$ 2,409.3	\$ (420.2)
PS&PM - Total	6,081.2	90.7	6,853.0	(20.3)
Capital	\$ 106.7	\$ 97.5	\$ 226.5	\$ 211.7
Total	\$ 6,188.0	\$ 188.2	\$ 7,079.5	\$ 191.4

⁽¹⁾ Comparative figures have been revised to reflect a change made to the Company's presentation of financial results of Capital, now presented separately from SNCL Engineering Services (see Section 8).

4.1.1 EDPM

(IN MILLIONS OF CA\$)	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Revenues from EDPM	\$ 899.0	\$ 969.8	\$ 2,777.8	\$ 2,924.9
Segment Adjusted EBIT from EDPM	\$ 81.1	\$ 102.6	\$ 217.4	\$ 264.4
Segment Adjusted EBIT over revenues from EDPM (%)	9.0%	10.6%	7.8%	9.0%
Additional information				
Segment Adjusted EBITDA from EDPM	\$ 105.7	\$ 131.6	\$ 293.0	\$ 348.5
Segment Adjusted EBITDA over revenues from EDPM (%)	11.8%	13.6%	10.5%	11.9%

EDPM revenues were \$899.0 million in the third quarter of 2020, compared with \$969.8 million in the third quarter of 2019. Strength in a number of sectors, including transportation and defence within the segment core region of the United Kingdom and Europe, partially offset the adverse impact of COVID-19 in some markets (aviation, commercial property) and in the Middle East, that has also suffered from reduced investment associated with the fall in oil prices in 2020.

EDPM revenues were \$2,777.8 million for the first nine months of 2020, compared with \$2,924.9 million for the first nine months of 2019. The variation was mainly attributable to the combined impact of the COVID-19 pandemic, as clients deferred or cancelled projects in sectors such as aviation, education and commercial property, together with the impact of reduced investment associated with the fall in oil prices, partially offset by a continued strong demand in the road and rail sectors.

Segment Adjusted EBIT from EDPM was \$81.1 million (Segment Adjusted EBITDA of \$105.7 million), in the third quarter of 2020 compared with a Segment Adjusted EBIT of \$102.6 million (Segment Adjusted EBITDA of \$131.6 million) in the third quarter of 2019, which included some project settlements. The variation was primarily due to lower volume, partially offset by government support measures and Company restructuring actions to improve the cost base of the segment.

Segment Adjusted EBIT from EDPM was \$217.4 million (Segment Adjusted EBITDA of \$293.0 million) for the first nine months of 2020 compared with a Segment Adjusted EBIT of \$264.4 million (Segment Adjusted EBITDA of \$348.5 million) for the first nine months of 2019, reflecting the volume impact of COVID-19 across some markets and the associated suppressed oil prices, partially offset by higher margins in the United Kingdom and Europe and by government support measures and Company restructuring actions to improve the cost base of the segment.

Changes in foreign exchange rates did not have a significant impact on revenues or on Segment Adjusted EBIT when comparing both periods.

It should be noted that Segment Adjusted EBIT and Segment Adjusted EBITDA are presented before restructuring expenses, of which \$3.7 million in the third quarter of 2020 (third quarter of 2019: \$2.7 million) and \$22.9 million in the first nine months of 2020 (first nine months of 2019: \$10.6 million) were incurred in connection with the EDPM Segment. Please refer to Section 4.4 for further details.

4.1.2 NUCLEAR

(IN MILLIONS OF CA\$)	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Revenues from Nuclear	\$ 225.1	\$ 213.4	\$ 683.3	\$ 679.0
Segment Adjusted EBIT from Nuclear	\$ 36.2	\$ 39.5	\$ 103.8	\$ 82.3
Segment Adjusted EBIT over revenues from Nuclear (%)	16.1%	18.5%	15.2%	12.1%
Additional information				
Segment Adjusted EBITDA from Nuclear	\$ 39.3	\$ 43.0	\$ 114.1	\$ 92.3
Segment Adjusted EBITDA over revenues from Nuclear (%)	17.5%	20.2%	16.7%	13.6%

Nuclear revenues amounted to \$225.1 million in the third quarter of 2020, compared with \$213.4 million in the third quarter of 2019, mainly due to higher volume across all markets.

Nuclear revenues amounted to \$683.3 million for the first nine months of 2020, compared with \$679.0 million for the first nine months of 2019, mainly due to higher volume in Europe and the United States partially offset by lower volume in Canada resulting from major projects, some of which are now completed.

In the third quarter of 2020, Segment Adjusted EBIT from Nuclear amounted to \$36.2 million (Segment Adjusted EBITDA of \$39.3 million), compared with \$39.5 million (Segment Adjusted EBITDA of \$43.0 million) in the third quarter of 2019, mainly due to a lower contribution from the United States due to site work restrictions associated with COVID-19 protective measures, and from Canada, largely due to major projects, some of which are now completed and partially offset by higher contribution from Europe.

For the first nine months of 2020, Segment Adjusted EBIT from Nuclear increased to \$103.8 million (Segment Adjusted EBITDA of \$114.1 million), compared with \$82.3 million (Segment Adjusted EBITDA of \$92.3 million) for the first nine months of 2019, mainly due to higher contribution from Canada due to higher forecasted costs in 2019 on a specific LSTK project which is now completed and higher contribution from the United States due to a more favorable business mix and combined with lower overhead across all markets in the first nine months of 2020.

4.1.3 INFRASTRUCTURE SERVICES

(IN MILLIONS OF CA\$)	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Revenues from Infrastructure Services	\$ 323.6	\$ 318.7	\$ 990.9	\$ 839.8
Segment Adjusted EBIT from Infrastructure Services	\$ 25.1	\$ 33.6	\$ 65.2	\$ 53.3
Segment Adjusted EBIT over revenues from Infrastructure Services (%)	7.8%	10.5%	6.6%	6.3%
Additional information				
Segment Adjusted EBITDA from Infrastructure Services	\$ 27.5	\$ 40.7	\$ 72.8	\$ 64.4
Segment Adjusted EBITDA over revenues from Infrastructure Services (%)	8.5%	12.8%	7.4%	7.7%

Infrastructure Services revenues were \$323.6 million in the third quarter of 2020, compared with \$318.7 million in the third quarter of 2019, mainly reflecting an increase in activities from Linxon in the United Kingdom and Europe.

Infrastructure Services revenues were \$990.9 million for the first nine months of 2020, compared with \$839.8 million for the first nine months of 2019, mainly attributable to the growth of Linxon, which expanded its geographic activity after the second quarter of 2019, as well as additional contracts in operations phase and increased scope of work on certain O&M contracts.

In the third quarter of 2020, Segment Adjusted EBIT from Infrastructure Services decreased to \$25.1 million (Segment Adjusted EBITDA of \$27.5 million), compared with \$33.6 million (Segment Adjusted EBITDA of \$40.7 million) in the third quarter of 2019. In the third quarter of 2019, there was a net favorable impact of reforecasts on certain long-term O&M contracts.

For the first nine months of 2020, Segment Adjusted EBIT from Infrastructure Services increased to \$65.2 million (Segment Adjusted EBITDA of \$72.8 million), compared with \$53.3 million (Segment Adjusted EBITDA of \$64.4 million) for the first nine months of 2019, resulting mainly from Linxon, which expanded its geographic activity after the second quarter of 2019.

4.1.4 RESOURCES

(IN MILLIONS OF CA\$)	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Revenues from Resources	\$ 282.3	\$ 562.0	\$ 987.6	\$ 1,626.4
Segment Adjusted EBIT from Resources	\$ (75.0)	\$ (47.3)	\$ (255.4)	\$ (290.3)
Segment Adjusted EBIT over revenues from Resources (%)	(26.6%)	(8.4%)	(25.9%)	(17.8%)
Additional information				
Segment Adjusted EBITDA from Resources	\$ (67.9)	\$ (38.0)	\$ (230.1)	\$ (257.0)
Segment Adjusted EBITDA over revenues from Resources (%)	(24.0%)	(6.8%)	(23.3%)	(15.8%)

Resources revenues were \$282.3 million in the third quarter of 2020, compared with \$562.0 million in the third quarter of 2019, mainly attributable to the continuing backlog run-off of certain major LSTK construction projects, coupled with no new LSTK construction contract bidding, in line with the Company's strategic direction. The decrease was also due to the disposal, divestment or closure of certain businesses, including Valerus in the first quarter of 2020 which represented \$73.2 million of revenues in the third quarter of 2019, as well as an unfavorable arbitration ruling mentioned in the analysis of Segment Adjusted EBIT from Resources below.

Resources revenues were \$987.6 million for the first nine months of 2020, compared with \$1,626.4 million for the first nine months of 2019, due to the run-off of the LSTK construction contracts combined with the exit of the Valerus business, which recorded \$240.3 million of revenues for the same period last year, as well as the impact of COVID-19 on the volume of activity in the earlier part of 2020.

Segment Adjusted EBIT from Resources was negative \$75.0 million (Segment Adjusted EBITDA of negative \$67.9 million) in the third quarter of 2020, compared with negative \$47.3 million (Segment Adjusted EBITDA of negative \$38.0 million) in the third quarter of 2019. The loss in the third quarter of 2020 was mainly attributable to a \$57.9 million unfavorable arbitration ruling on a completed LSTK legacy project, combined with under-absorption of selling, general and administrative expenses that continue to be decreased to align with the refocused services operational delivery strategy. Excluding this unfavorable arbitration ruling, the LSTK and Services performance improved compared to the same period last year, whereby the LSTK loss in 2019 mainly reflected net unfavorable reforecasts on certain major LSTK construction projects in earlier stages of construction.

Segment Adjusted EBIT from Resources was negative \$255.4 million (Segment Adjusted EBITDA of negative \$230.1 million) for the first nine months of 2020, compared with negative \$290.3 million (Segment Adjusted EBITDA of negative \$257.0 million) for the first nine months of 2019. The loss in the first nine months of 2020 mainly resulted from a \$70 million charge in the second quarter of 2020 related to client disputes on a Middle East LSTK project, a \$57.9 million unfavorable arbitration ruling on a completed LSTK legacy project, as well as lower productivity on the ongoing LSTK projects due to revised working conditions caused by COVID-19, partially offset by the resizing of the Services business, as cost reductions and restructuring activities driven by the strategic direction further described in Section 4.4 has started to improve results in the third quarter of 2020. In addition, the Company completed in the first quarter of 2020 the closure of Valerus, a non-core, underperforming, mid-stream oil and gas production and processing facility based in Houston. The loss in the first nine months of 2019 was mainly due to net unfavorable reforecasts on certain major LSTK projects.

It should be noted that Segment Adjusted EBIT and Segment Adjusted EBITDA are presented before restructuring expenses, of which \$25.7 million in the third quarter of 2020 (third quarter of 2019: \$6.1 million) and \$58.1 million in the first nine months of 2020 (first nine months of 2019: \$25.1 million) were incurred in connection with the Resources Segment. Please refer to Section 4.4 for further details. The Segment Adjusted EBIT and Segment Adjusted EBITDA of Resources also excludes the \$7.5 million loss on disposal of SNC-Lavalin SA (Belgium) completed in the third quarter of 2020. Please refer to Section 4.6 for further details.

4.1.5 INFRASTRUCTURE EPC PROJECTS

(IN MILLIONS OF CAS)	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Revenues from Infrastructure EPC Projects	\$ 236.8	\$ 288.7	\$ 641.6	\$ 782.9
Segment Adjusted EBIT from Infrastructure EPC Projects	\$ (25.1)	\$ 2.3	\$ (40.3)	\$ (129.9)
Segment Adjusted EBIT over revenues from Infrastructure EPC Projects (%)	(10.6%)	0.8%	(6.3%)	(16.6%)
Additional information				
Segment Adjusted EBITDA from Infrastructure EPC Projects	\$ (22.6)	\$ 7.4	\$ (28.2)	\$ (113.9)
Segment Adjusted EBITDA over revenues from Infrastructure EPC Projects (%)	(9.6%)	2.6%	(4.4%)	(14.6%)

Infrastructure EPC Projects revenues were \$236.8 million for the third quarter of 2020, compared with \$288.7 million in the third quarter of 2019, as the higher revenues from certain major construction projects were more than offset by the lower level of activities as a result of the completion or near completion of certain major construction and clean power projects.

Infrastructure EPC Projects revenues were \$641.6 million for the first nine months of 2020, compared with \$782.9 million for the first nine months of 2019, as the higher revenues from certain major construction projects were more than offset by the lower level of activities as a result of the completion or near completion of certain major construction and clean power projects, coupled with the negative impact of COVID-19.

In the third quarter of 2020, Infrastructure EPC Projects Segment Adjusted EBIT amounted to negative \$25.1 million (Segment Adjusted EBITDA of negative \$22.6 million), compared with a Segment Adjusted EBIT of \$2.3 million (Segment Adjusted EBITDA of \$7.4 million) for the corresponding period of 2019, as a result of the unfavorable impact from reforecasts of certain major projects.

For the first nine months of 2020, Infrastructure EPC Projects Segment Adjusted EBIT amounted to negative \$40.3 million (Segment Adjusted EBITDA of negative \$28.2 million), compared with negative \$129.9 million (Segment Adjusted EBITDA of negative \$113.9 million) for the corresponding period of 2019. The loss in the first nine months of 2020 was mainly due to forecast adjustments to reflect lower productivity caused by COVID-19 in the second quarter of 2020, as well as unfavorable reforecasts on certain major projects in the third quarter of 2020.

The corresponding period of 2019 was impacted by net unfavorable reforecasts totaling approximately \$130 million on certain major projects resulting from higher forecasted costs or increased warranty costs, primarily on two LSTK construction projects nearing completion and on smaller clean power projects.

4.1.6 REVENUES AND SEGMENT ADJUSTED EBIT FROM CAPITAL

(IN MILLIONS OF CA\$)	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Revenues from Capital	\$ 38.9	\$ 79.6	\$ 106.7	\$ 226.5
Segment Adjusted EBIT from Capital investments:				
From Highway 407 ETR	\$ 16.9	\$ 41.9	\$ 38.0	\$ 125.8
From other Capital investments ⁽¹⁾	20.2	35.2	59.4	85.9
Segment Adjusted EBIT from Capital	\$ 37.1	\$ 77.1	\$ 97.5	\$ 211.7

⁽¹⁾ Segment Adjusted EBIT from other Capital investments is net of divisional and allocated corporate selling, general and administrative expenses, as well as selling, general and administrative expenses from all other capital investments accounted for by the consolidation method.

Revenues from Capital in the third quarter of 2020 amounted to \$38.9 million, compared with \$79.6 million in the corresponding quarter of 2019. **Revenues from Capital for the first nine months of 2020 amounted to \$106.7 million**, compared with \$226.5 million in the corresponding period of 2019. The decrease in revenues for both the third quarter of 2020 and the first nine months of 2020 was mainly due to the decrease in contribution from Highway 407 ETR following the disposal of a portion of this investment by the Company in August 2019 combined with the absence of dividends received from this investment in the second quarter of 2020.

Segment Adjusted EBIT from Capital decreased to \$37.1 million in the third quarter of 2020, compared with \$77.1 million in the third quarter of 2019. **Segment Adjusted EBIT from Capital decreased to \$97.5 million for the first nine months of 2020**, compared with \$211.7 million for the first nine months of 2019. The decrease in Segment Adjusted EBIT for both the third quarter of 2020 and the first nine months of 2020 was due to the reduction in revenues outlined above.

4.2 CORPORATE SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ANALYSIS

THIRD QUARTERS ENDED SEPTEMBER 30 (IN MILLIONS CA\$)	2020			2019		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Corporate selling, general and administrative expenses	\$ 18.3	\$ 7.0	\$ 25.3	\$ 12.8	\$ 7.1	\$ 19.8

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS CA\$)	2020			2019		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Corporate selling, general and administrative expenses	\$ 59.1	\$ 21.1	\$ 80.2	\$ 24.4	\$ 21.5	\$ 45.9

Corporate selling, general and administrative expenses totaled \$25.3 million in the third quarter of 2020, compared with \$19.8 million in the third quarter of 2019.

For the first nine months of 2020, corporate selling, general and administrative expenses totaled \$80.2 million, compared with \$45.9 million in the first nine months of 2019, mainly reflecting the higher reversal of some corporate incentives and revision of certain estimates in the first quarter of 2019 combined with a \$10.0 million negative adjustment to the provision for the Pyrrhotite Case litigation (as described in the 2019 Annual MD&A, as updated in Note 12 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020) in the first quarter of 2020.

4.3 LOSS (GAIN) ARISING ON FINANCIAL ASSETS (LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

(IN MILLIONS OF CA\$)	THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Loss (gain) arising on financial assets (liabilities) at fair value through profit or loss	\$ 0.7	\$ (9.7)	\$ 61.6	\$ 11.8

The loss arising on financial assets (liabilities) at fair value through profit or loss was \$0.7 million in the third quarter of 2020, compared with a gain arising on financial assets (liabilities) at fair value through profit or loss of \$9.7 million in the corresponding period of 2019. The loss arising on financial assets (liabilities) at fair value through profit or loss of \$61.6 million in the first nine months of 2020 is mainly due to a \$57.2 million negative fair value revaluation for the Highway 407 ETR contingent consideration receivable during the period. Such contingent consideration is payable over a period of 10 years by the acquirer of the 10.01% ownership interest in Highway 407 ETR sold by the Company in August 2019. The fair value of this financial asset was negatively impacted mainly by the actual and expected performance of Highway 407 ETR in 2020 due to lower traffic as a result of COVID-19 impacts, as the underlying payments are conditioned on the attainment of certain cumulative financial thresholds related to the performance of Highway 407 ETR.

4.4 RESTRUCTURING COSTS

(IN MILLIONS OF CA\$)	THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Restructuring costs	\$ 32.8	\$ 19.3	\$ 89.3	\$ 71.4

The Company incurred \$32.8 million of restructuring costs in the third quarter of 2020 (third quarter of 2019: \$19.3 million) and \$89.3 million in the first nine months of 2020 (first nine months of 2019: \$71.4 million). The restructuring costs recognized in the three-month period ended September 30, 2019 and nine-month periods ended September 30, 2020 and 2019 were mainly for severances. The restructuring costs recognized in the three-month period ended September 30, 2020 were mainly for inventory write-down and severances.

After a thorough review of strategic options for the Resources Services business, management concluded that this business will be restructured to focus on a Services offering in a limited number of primary markets (the Americas and the Middle East). The legacy Resources Projects business will be wound down and the associated LSTK projects are expected to be largely completed by the end of 2020. The Company will exit non-primary markets through either sale or closure. As such, approximately \$58.1 million of restructuring costs were incurred in connection with the Resources segment in the nine-month period ended September 30, 2020.

In addition, restructuring actions were taken in the second and third quarters of 2020 to adjust the cost base of other segments, notably in the Middle East and United Kingdom regions of the EDPM segment, as a result of the impact of COVID-19 on the current and forecasted business activity levels, for which \$22.9 million of restructuring costs were recognized in the first nine months of 2020.

4.5 ACQUISITION-RELATED COSTS AND INTEGRATION COSTS

(IN MILLIONS OF CA\$)	THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Acquisition-related costs and integration costs	\$ —	\$ (0.8)	\$ —	\$ 8.3

In the first nine months of 2020, the amount of acquisition-related costs and integration costs was \$nil, compared with \$8.3 million in the corresponding period of 2019, related to Atkins and Linxon.

4.6 LOSS ON DISPOSALS OF PS&PM BUSINESSES AND GAIN ON DISPOSAL OF A CAPITAL INVESTMENT

(IN MILLIONS OF CA\$)	THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Gain on disposal of a Capital investment	\$ —	\$ (2,970.8)	\$ —	\$ (2,970.8)
Loss on disposals of PS&PM businesses	\$ 7.5	\$ —	\$ 7.5	\$ 0.2

In the third quarter of 2020, SNC-Lavalin completed the sale of its ownership interest of 100% in SNC-Lavalin SA (Belgium) in exchange of total consideration of \$nil. On the date of disposal, SNC-Lavalin SA held \$7.5 million in cash and cash equivalents, which amount was effectively transferred to the acquirer on closing as it remained in SNC-Lavalin SA as part of the terms of the sale agreement. The loss on disposal of SNC-Lavalin's ownership interest in SNC-Lavalin SA amounted to \$7.5 million before and after income taxes.

In the third quarter of 2019, the Company completed the sale of 10.01% of the shares of Highway 407 ETR to a company controlled by Canada Pension Plan Investment Board (CPPIB). At closing and in accordance with the terms and conditions of the agreement, SNC-Lavalin received the base purchase price proceeds of \$3.0 billion, with up to an additional \$250 million contingently payable over a period of 10 years, conditional on the attainment of certain financial thresholds related to the ongoing performance of Highway 407 ETR and recognized a gain before taxes of \$3.0 billion on this transaction.

4.7 IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS RELATED TO BUSINESS COMBINATIONS

(IN MILLIONS OF CA\$)	THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Impairment of goodwill	\$ —	\$ —	\$ —	\$ 1,801.0
Impairment of intangible assets related to business combinations	\$ —	\$ —	\$ —	\$ 72.8
Impairment of goodwill and intangible assets related to business combinations	\$ —	\$ —	\$ —	\$ 1,873.8

An impairment loss on goodwill of \$1.8 billion was recognized in the first nine months of 2019 for the Resources cash generating unit, largely attributable to the Company's decision to cease bidding on LSTK construction projects, as well as lower than expected performance in Resources in the first half of 2019 and challenges in replenishing the backlog. At the same time, the intangible assets related to business combinations in the Resources segment were impaired by \$72.8 million.

4.8 AMORTIZATION OF INTANGIBLE ASSETS RELATED TO BUSINESS COMBINATIONS

(IN MILLIONS OF CA\$)	THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Amortization of intangible assets related to business combinations	\$ 23.2	\$ 41.7	\$ 103.6	\$ 142.0

Amortization of intangible assets related to business combinations amounted to \$23.2 million in the third quarter of 2020, and to \$41.7 million in the third quarter of 2019. **Amortization of intangible assets related to business combinations amounted to \$103.6 million in the first nine months of 2020**, and to \$142.0 million in the first nine months of 2019, both mainly attributable to the amortization expense of intangible assets related to Atkins. The variance from the corresponding period of the prior year was mainly due to the intangible assets related to business combinations in the Resources segment being fully impaired in the second quarter of 2019, as well as the end of the amortization period in the third quarter of 2020 of intangible assets related to the revenue backlog of the Atkins acquisition.

4.9 NET INCOME ANALYSIS

(IN MILLIONS OF CA\$)	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Net income (loss) attributable to SNC-Lavalin shareholders:				
From PS&PM	\$ (110.6)	\$ 116.9	\$ (274.8)	\$ (2,134.2)
From Capital	25.5	2,639.8	12.1	2,755.3
Net income (loss) attributable to SNC-Lavalin shareholders	\$ (85.1)	\$ 2,756.7	\$ (262.7)	\$ 621.1
Non-controlling interests	0.7	(0.1)	5.9	(1.5)
Net income (loss) for the period	\$ (84.4)	\$ 2,756.6	\$ (256.8)	\$ 619.6

NET INCOME (LOSS) FROM PS&PM

Net loss attributable to SNC-Lavalin shareholders from PS&PM was \$110.6 million in the third quarter of 2020, compared to a net income attributable to SNC-Lavalin shareholders from PS&PM of \$116.9 million in the third quarter of 2019. The net loss attributable to SNC-Lavalin shareholders from PS&PM for the third quarter of 2020 includes a negative Segment Adjusted EBIT of \$75.0 million in the Resources segment, mainly from a \$57.9 million unfavorable arbitration ruling on a completed LSTK legacy project, as well as a \$53.3 million reduction of previously recognized deferred income tax assets resulting from a re-assessment of the future recoverability of loss carryforwards in the United States, and restructuring costs of \$32.8 million before taxes (\$25.8 million after taxes) mainly related to the Resources and EDPM segments and a loss on disposals of PS&PM businesses. The net income attributable to SNC-Lavalin shareholders from PS&PM in the third quarter of 2019 included \$82.7 million tax recoveries on capital losses, following the capital gain on disposal of a 10.01% stake in Highway 407 ETR.

Net loss attributable to SNC-Lavalin shareholders from PS&PM was \$274.8 million in the first nine months of 2020, compared to a net loss attributable to SNC-Lavalin shareholders from PS&PM of \$2,134.2 million in the first nine months of 2019, as the latter included a non-cash goodwill impairment charge and an impairment of intangible assets relating to the Company's Resources segment totaling \$1.8 billion (after taxes) and unfavorable reforecasts on certain LSTK construction projects in Infrastructure EPC Projects and Resources. Net loss attributable to SNC-Lavalin shareholders for the first nine months of 2020 includes a negative Segment adjusted EBIT of \$255.4 million in the Resources segment, mainly from a \$70 million charge in the second quarter of 2020 related to client disputes on a Middle East LSTK project, a \$57.9 million unfavorable arbitration ruling on a completed LSTK legacy project, as well as lower productivity on the ongoing LSTK projects due to revised working conditions caused by COVID-19. In addition, restructuring costs of \$89.3 million before taxes (\$75.2 million after taxes), mainly related to the Resources and EDPM segments were incurred in the first nine months of 2020, as well as a \$53.3 million reduction of previously recognized deferred income tax assets resulting from a re-assessment of the future recoverability of loss carryforwards in the United States.

NET INCOME FROM CAPITAL

Net income attributable to SNC-Lavalin shareholders from Capital amounted to \$25.5 million in the third quarter of 2020, compared with a net income attributable to SNC-Lavalin shareholders from Capital of \$2,639.8 million in the third quarter of 2019.

Net income attributable to SNC-Lavalin shareholders from Capital amounted to \$12.1 million in the first nine months of 2020, compared with a net income attributable to SNC-Lavalin shareholders from Capital of \$2,755.3 million in the first nine months of 2019, as the latter included a net gain on the disposal of a 10.01% stake of Highway 407 ETR of \$2,587.8 million. The remaining variance was mainly due to a negative fair value revaluation of \$57.2 million of the Highway 407 ETR contingent consideration receivable in the first nine months of 2020, as well as the decrease in contribution from Highway 407 ETR following the disposal of a portion of this investment by the Company in August 2019 combined with the absence of dividends received from this investment in the second quarter of 2020.

4.10 EBIT AND EBITDA ANALYSIS

EBIT and EBITDA are non-IFRS financial measures. Definitions and reconciliations of these financial measures to net income are presented in Section 9.

In the third quarter of 2020, EBIT from PS&PM was negative \$40.1 million, compared with EBIT from PS&PM of \$68.2 million in the third quarter of 2019, a variance mainly due to a lower Segment Adjusted EBIT from PS&PM, combined with higher restructuring costs and a higher loss arising on financial assets (liabilities) at fair value through profit or loss, partially offset by lower amortization of intangible assets related to business combinations.

EBITDA from PS&PM was \$32.5 million in the third quarter of 2020, compared with \$167.4 million in the third quarter of 2019, mainly reflecting a lower Segment Adjusted EBITDA from PS&PM, combined with higher restructuring costs and a higher loss arising on financial assets (liabilities) at fair value through profit or loss. When adjusting for the charges related to restructuring, the acquisition-related costs and integration costs and the loss on disposals of PS&PM businesses, **Adjusted EBITDA from PS&PM amounted to \$72.8 million in the third quarter of 2020**, compared with \$184.9 million in the third quarter of 2019.

In the first nine months of 2020, EBIT from PS&PM was negative \$174.1 million, compared with negative \$2,149.4 million in the first nine months of 2019, a variance mainly due to a \$1.9 billion impairment loss on goodwill and intangible assets related to Resources in 2019, combined with a lower loss in Resources and Infrastructure EPC Projects in the first nine months of 2020, compared with the first nine months of 2019, as well as lower amortization of intangible assets related to business combinations. This was partially offset by higher corporate selling, general and administrative expenses.

EBITDA from PS&PM was \$90.5 million in the first nine months of 2020, compared with \$36.1 million in the first nine months of 2019, mainly reflecting a lower loss in Resources and Infrastructure EPC Projects, partially offset by higher corporate selling, general and administrative expenses. When adjusting for the charges related to restructuring, the acquisition-related costs and integration costs, the loss on disposals of PS&PM businesses and the adjustment to the provision for the Pyrrhotite Case litigation (as described in the 2019 Annual MD&A, as updated in Note 12 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020), **Adjusted EBITDA from PS&PM amounted to \$197.3 million in the first nine months of 2020**, compared with \$112.3 million in the first nine months of 2019.

In the third quarter of 2020, EBIT from Capital decreased to \$30.1 million, compared with \$3,039.8 million in the third quarter of 2019. **In the first nine months of 2020, EBIT from Capital decreased to \$19.2 million**, compared with \$3,157.4 million in the first nine months of 2019, as the latter included a gain on the disposal of a 10.01% stake of Highway 407 ETR of \$2,970.8 million. **EBIT and EBITDA from Capital were negatively impacted in the first nine months of 2020** by a negative fair value revaluation of \$57.2 million of the Highway 407 ETR contingent consideration receivable, as well as a lower contribution from Highway 407 ETR following the disposal of a portion of this investment by the Company in August 2019, combined with the absence of dividends received from this investment in the second quarter of 2020.

4.11 NET FINANCIAL EXPENSES

THIRD QUARTERS ENDED SEPTEMBER 30 (IN MILLIONS CA\$)	2020			2019		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Interest revenues	\$ (2.5)	\$ (0.3)	\$ (2.8)	\$ (2.9)	\$ (0.1)	\$ (3.0)
Interest on debt:						
Recourse	10.1	—	10.1	20.7	—	20.7
Limited recourse	4.0	—	4.0	8.8	—	8.8
Non-recourse	1.2	3.9	5.1	1.4	4.8	6.3
Net foreign exchange losses (gains)	5.8	0.1	5.9	2.8	(0.2)	2.6
Interest on lease liabilities	5.3	—	5.3	5.5	—	5.6
Other	1.5	0.1	1.6	1.2	—	1.2
Net financial expenses	\$ 25.4	\$ 3.9	\$ 29.3	\$ 37.6	\$ 4.6	\$ 42.1

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS CA\$)	2020			2019		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Interest revenues	\$ (11.6)	\$ (0.3)	\$ (11.9)	\$ (6.4)	\$ (0.1)	\$ (6.5)
Interest on debt:						
Recourse	36.3	—	36.3	74.7	—	74.7
Limited recourse	13.2	—	13.2	40.1	—	40.1
Non-recourse	3.6	12.1	15.7	4.4	13.7	18.1
Net foreign exchange losses (gains)	2.9	0.5	3.4	(3.1)	(0.2)	(3.3)
Interest on lease liabilities	16.9	—	16.9	16.9	0.1	17.0
Other	13.6	0.1	13.7	47.4	—	47.4
Net financial expenses	\$ 74.8	\$ 12.4	\$ 87.2	\$ 174.0	\$ 13.5	\$ 187.5

Net financial expenses from PS&PM decreased to \$25.4 million in the third quarter of 2020, compared with \$37.6 million in the third quarter of 2019. **Net financial expenses from PS&PM decreased to \$74.8 million in the first nine months of 2020** compared with \$174.0 million in the first nine months of 2019, a variance mainly due to the repayment of recourse and limited recourse debt in 2019. The higher other net financial expenses in the first nine months of 2019 were mainly due to \$33.8 million of loss related to the amendments to the SNC-Lavalin Highway Holdings Loan Agreement and \$3.7 million related to other PS&PM financing arrangements in connection with the agreement to sell 10.01% of the shares of Highway 407 ETR.

Net financial expenses from Capital were \$3.9 million in the third quarter of 2020, compared with \$4.6 million in the third quarter of 2019. **Net financial expenses from Capital were \$12.4 million in the first nine months of 2020**, compared with \$13.5 million in the first nine months of 2019, mainly due to lower interest expense on non-recourse debt.

4.12 INCOME TAXES ANALYSIS

THIRD QUARTERS ENDED SEPTEMBER 30 (IN MILLIONS CAS)	2020			2019		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Earnings (loss) before income taxes	\$ (65.5)	\$ 26.2	\$ (39.3)	\$ 30.6	\$ 3,035.3	\$ 3,065.9
Income tax expense (recovery)	\$ 44.4	\$ 0.7	\$ 45.1	\$ (86.2)	\$ 395.4	\$ 309.3
Effective income tax rate (%)	(67.8)%	2.6 %	(114.7)%	(281.2)%	13.0 %	10.1 %

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS CAS)	2020			2019		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Earnings (loss) before income taxes	\$ (248.9)	\$ 6.8	\$ (242.1)	\$ (2,323.4)	\$ 3,143.9	\$ 820.5
Income tax expense (recovery)	\$ 20.0	\$ (5.3)	\$ 14.7	\$ (187.7)	\$ 388.6	\$ 201.0
Effective income tax rate (%)	(8.0)%	(78.0)%	(6.1)%	8.1 %	12.4 %	24.5 %

In the third quarter of 2020, the Company reported an income tax expense of \$45.1 million, compared to an income tax expense of \$309.3 million in the third quarter of 2019.

The effective income tax rate from PS&PM was lower than the Canadian statutory income tax rate of 26.3% in the third quarter of 2020, mainly due to a \$53.3 million reduction of previously recognized deferred income tax assets resulting from a re-assessment of the future recoverability of loss carryforwards in the United States and other permanent items, partially offset by the geographic mix of earnings.

In the third quarter of 2019, the effective income tax rate from PS&PM was lower than the Canadian statutory income tax rate of 26.5%, mainly due to the recognition of income tax recoveries on capital losses.

In the third quarter of 2020, the income tax expense from Capital was \$0.7 million, compared to an income tax expense of \$395.4 million in the third quarter of 2019.

The effective income tax rate from Capital was lower than the Canadian statutory income tax rate of 26.3% in the third quarter of 2020, mainly due to the non-taxable portion of the investment income (including dividends from Highway 407 ETR).

The income tax expense from Capital in the third quarter of 2019 was mainly due to the income tax expense from the capital gain on the disposal of a 10.01% stake in Highway 407 ETR.

In the first nine months of 2020, the Company reported an income tax expense of \$14.7 million, compared to an income tax expense of \$201.0 million in the first nine months 2019.

The effective income tax rate from PS&PM was lower than the Canadian statutory income tax rate of 26.3% in the first nine months of 2020, mainly due to the \$53.3 million reduction of previously recognized deferred income tax assets resulting from a re-assessment of the future recoverability of loss carryforwards in the United States, net losses not affected by tax, geographic mix of earnings, and other permanent items. These impacts were partially offset with an income tax recovery on the carry back of net operating losses to a prior year at a higher tax rate and adjustments to deferred income tax balances attributable to changes in tax rates and laws.

In the first nine months of 2019, the effective income tax rate from PS&PM was lower than the Canadian statutory income tax rate of 26.5%, mainly due to the non-tax deductible portion of the goodwill impairment and the write-down of previously recognized deferred income tax assets, partially offset by the recognition of income tax recoveries on capital losses.

The effective income tax rate from Capital Investments was lower than the Canadian statutory income tax rate of 26.3% in the first nine months of 2020, mainly due to the non-taxable portion of the investment income (including dividends from Highway 407 ETR), partially offset with the non-deductible portion of the capital loss on the negative fair value revaluation for the Highway 407 ETR contingent consideration receivable.

The income tax expense from Capital in the first nine months of 2019 was mainly due to the income tax expense from the capital gain on the disposal of a 10.01% stake in Highway 407 ETR.

5 Backlog (Remaining Performance Obligations)

Backlog is defined as a forward-looking indicator of anticipated revenues to be recognized by the Company, determined based on contract awards that are firm and amounting to the transaction price allocated to remaining performance obligations. Management may be required to make estimates regarding the revenue to be generated for certain contracts.

Revenue backlog is derived primarily from three major types of contracts: **Reimbursable and engineering service contracts, standardized EPC contracts and LSTK construction contracts.**

- **Reimbursable and engineering service contracts:** Under reimbursable contracts, the Company charges the customer for the actual cost incurred plus a mark-up that could take various forms such as a fixed-fee per unit, a percentage of costs incurred or an incentive fee based on achieving certain targets, performance factors or contractual milestones. Reimbursable contracts also include unit-rate contracts for which a fixed amount per quantity is charged to the customer, and reimbursable contracts with a cap or a target price accompanied by incentives and/or disincentives. Engineering service contracts include i) time and material agreements based on hourly rates and fixed-price lump-sum contracts with limited procurement or construction risks, and ii) O&M contracts.
- **Standardized EPC contracts:** Under standardized EPC contracts, the Company provides its repetitive EPC offerings that are lower-risk, standardized solutions for: i) district cooling plants; and ii) power substations executed through its Linxon subsidiary.
- **LSTK construction contracts:** Under LSTK construction contracts, the Company completes the work required for the project at a lump-sum price. Before entering into such contracts, the Company estimates the total cost of the project, plus a profit margin. The Company's actual profit margin may vary based on its ability to achieve the project requirements at above or below the initial estimated costs.

REVENUE BACKLOG BY SEGMENT

The following table provides a breakdown of revenue backlog by segment.

(IN MILLIONS CA\$) BY SEGMENT	SEPTEMBER 30 2020	DECEMBER 31 2019 ⁽¹⁾	SEPTEMBER 30 2019 ⁽¹⁾
EDPM	\$ 2,769.4	\$ 2,630.0	\$ 2,673.4
Nuclear	968.5	1,154.0	1,095.3
Infrastructure Services	6,961.7	7,337.0	7,464.6
SNCL Engineering Services - Total	\$ 10,699.7	\$ 11,121.1	\$ 11,233.3
Resources	\$ 897.7	\$ 1,380.1	\$ 1,537.1
Infrastructure EPC Projects	2,194.1	2,584.5	2,679.6
SNCL Projects - Total	\$ 3,091.9	\$ 3,964.6	\$ 4,216.7
PS&PM - Total	\$ 13,791.5	\$ 15,085.6	\$ 15,450.0
Capital ⁽²⁾	\$ 162.0	\$ 176.9	\$ 182.8
Total	\$ 13,953.5	\$ 15,262.5	\$ 15,632.7

⁽¹⁾ Comparative figures have been revised to reflect a change made to the Company's presentation of financial results of Capital, now presented separately from SNCL Engineering Services (see Section 8).

⁽²⁾ Backlog from Capital represents the amount that will be recognized as revenue from contracts with customers in the Capital segment from a concession agreement.

The Company's revenue backlog decreased to \$14.0 billion as at September 30, 2020 compared with \$15.3 billion as at December 31, 2019, mainly reflecting a decrease in Resources, Infrastructure EPC Projects, Nuclear and Infrastructure Services, partially offset by an increase in EDPM.

BACKLOG BY TYPES OF CONTRACTS

The following tables show the amounts and proportions of reimbursable and engineering service contracts, standardized EPC contracts and LSTK construction contracts included in each segment's backlog as at September 30, 2020 and December 31, 2019:

AT SEPTEMBER 30, 2020 (IN MILLIONS CA\$)	REIMBURSABLE AND ENGINEERING SERVICES CONTRACTS		STANDARDIZED EPC CONTRACTS		LSTK CONSTRUCTION CONTRACTS	
BY SEGMENT						
EDPM	\$ 2,769.4	100 %	\$ —	— %	\$ —	— %
Nuclear	912.7	94 %	—	— %	55.9	6 %
Infrastructure Services	6,231.9	90 %	729.9	10 %	—	— %
SNCL Engineering Services - Total	\$ 9,913.9	93 %	\$ 729.9	7 %	\$ 55.9	1 %
Resources	\$ 722.9	81 %	\$ —	— %	\$ 174.9	19 %
Infrastructure EPC Projects ⁽¹⁾	257.5	12 %	—	— %	1,936.7	88 %
SNCL Projects - Total	\$ 980.3	32 %	\$ —	— %	\$ 2,111.6	68 %
PS&PM - Total	\$ 10,894.2	79 %	\$ 729.9	5 %	\$ 2,167.4	16 %
Capital	\$ 162.0	100 %	\$ —	— %	\$ —	— %
Total	\$ 11,056.2	79 %	\$ 729.9	5 %	\$ 2,167.4	16 %

⁽¹⁾ In the first nine months of 2020, the Husky White Rose project was reclassified from LSTK construction contracts to reimbursable and engineering service contracts to reflect changes made to the contractual terms of this project.

AT DECEMBER 31, 2019 ⁽²⁾ (IN MILLIONS CA\$)	REIMBURSABLE AND ENGINEERING SERVICES CONTRACTS		STANDARDIZED EPC CONTRACTS		LSTK CONSTRUCTION CONTRACTS	
BY SEGMENT						
EDPM	\$ 2,630.0	100 %	\$ —	— %	\$ —	— %
Nuclear	1,079.0	94 %	—	— %	75.0	6 %
Infrastructure Services	6,444.5	88 %	892.5	12 %	—	— %
SNCL Engineering Services - Total	\$ 10,153.5	91 %	\$ 892.5	8 %	\$ 75.0	1 %
Resources	\$ 973.8	71 %	\$ —	— %	\$ 406.3	29 %
Infrastructure EPC Projects	—	— %	—	— %	2,584.5	100 %
SNCL Projects - Total	\$ 973.8	25 %	\$ —	— %	\$ 2,990.8	75 %
PS&PM - Total	\$ 11,127.3	74 %	\$ 892.5	6 %	\$ 3,065.8	20 %
Capital	\$ 176.9	100 %	\$ —	— %	\$ —	— %
Total	\$ 11,304.2	74 %	\$ 892.5	6 %	\$ 3,065.8	20 %

⁽²⁾ Comparative figures have been revised to reflect a change made to the Company's presentation of financial results of Capital, now presented separately from SNCL Engineering Services (see Section 8).

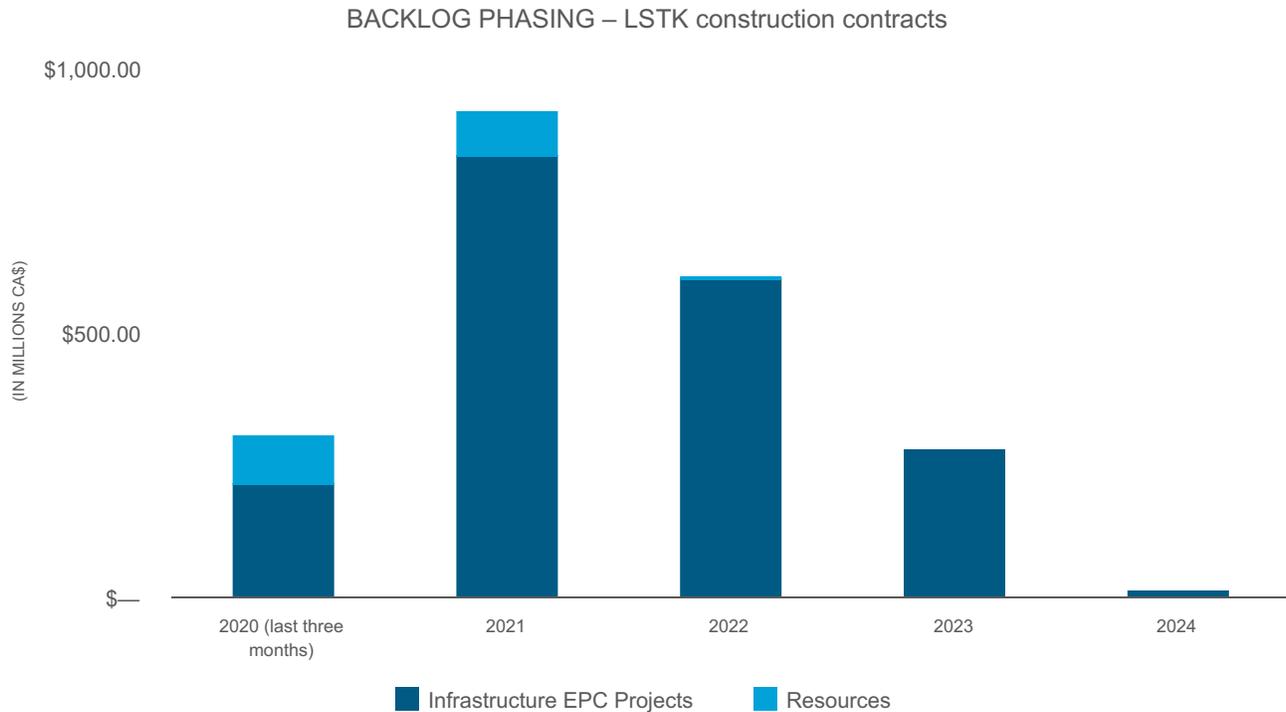
BACKLOG PHASING OF LSTK CONSTRUCTION CONTRACTS

The LSTK construction contracts included in the backlog of the Resources and Infrastructure EPC Projects segments have expected completions varying between 2020 and 2024. The Company will fulfill the contractual obligations of its current LSTK construction projects. It may be necessary for the Company to accept change orders under existing LSTK construction contracts, which may temporarily extend the performance timeframe of such contracts.

In addition, a number of project contracts, particularly in the Resources and Infrastructure EPC segments, have warranty periods and/or outstanding claims, that may result in legal proceedings that extend beyond the actual performance and completion of the projects. See also Note 12 - “Contingent Liabilities” to the unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020.

Most of the backlog from LSTK construction contracts in these segments is derived from the following projects: Réseau Express Métropolitain (REM), Trillium Line Extension (Trillium), and Eglinton LRT. The REM project was temporarily suspended towards the end of the first quarter of 2020 due to the COVID-19 pandemic. In the second quarter of 2020 the project was authorized to resume. The Eglinton and Trillium projects remain open but are being affected by revised working conditions due to COVID-19.

As such, while the backlog phasing presented below incorporates the Company’s best estimates, the timing of projects is subject to uncertainties. See also Section 10, “Risks and Uncertainties”, for a more specific update of the risks and uncertainties relating to the Company caused by the COVID-19 pandemic.



6 Liquidity and Capital Resources

This section has been prepared to provide the reader with a better understanding of the major components of the Company's liquidity and capital resources and has been structured as follows:

- A **cash flow analysis**, providing details on how the Company generated and used its cash and cash equivalents;
- A discussion on the Company's **capital resources**;
- A description of the Company's **debt and financing agreements** and its **capital management indicators**;
- An update on the Company's **credit ratings**;
- The presentation of the Company's **dividends declared**;
- A review of the Company's **contractual obligations** and **financial instruments**, which provides additional information for a better understanding of the Company's financial situation; and
- A discussion on the Company's **financial position** as at September 30, 2020, compared with its financial position as at December 31, 2019.

6.1 CASH FLOWS ANALYSIS

SUMMARY OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS CA\$)	2020	2019
Cash flows generated from (used for):		
Operating activities	\$ 16.9	\$ (667.5)
Investing activities	(143.6)	2,742.2
Financing activities	90.5	(1,763.3)
Decrease from exchange differences on translating cash and cash equivalents	(1.8)	(6.5)
Net increase (decrease) in cash and cash equivalents	(38.1)	304.8
Cash and cash equivalents at beginning of the period	1,188.6	634.1
Cash and cash equivalents at end of the period	\$ 1,150.5	\$ 938.9
Less: Cash and cash equivalents included in the disposal group classified as held for sale	\$ 23.4	\$ —
Cash and cash equivalents at end of period as presented on the consolidated statement of financial position	\$ 1,127.1	\$ 938.9

Cash and cash equivalents decreased by \$38.1 million in the first nine months of 2020, compared with an increase of \$304.8 million in the first nine months of 2019, as discussed further below.

OPERATING ACTIVITIES

Net cash generated from operating activities totaled \$16.9 million for the first nine months of 2020, compared with net cash used for operating activities of \$667.5 million for the corresponding period of 2019, a variance reconciled as follows:

(IN MILLIONS CA\$)	NINE-MONTH PERIOD
Net cash used for operating activities for the first nine months of 2019	\$ (667.5)
Changes between the first nine months of 2020 and first nine months of 2019:	
Decrease in net income	(876.4)
Increase in income taxes paid	(14.7)
Decrease in income taxes recognized in net income	(186.3)
Decrease in net financial expenses recognized in net income	(100.3)
Lower depreciation of property and equipment and amortization of other non-current non-financial assets	(45.3)
Decrease in interest paid	116.0
Decrease in income from Capital investments accounted for by the equity method	111.7
Decrease in dividends and distributions received from Capital investments accounted for by the equity method	(47.1)
Decrease in shared-based expenses	(18.3)
Lower net change in provisions related to forecasted losses on certain contracts	44.5
2019 Gain on disposal of a 10.01% stake of Highway 407 ETR	2,970.8
Increase in restructuring costs paid	(44.2)
2019 Impairment of intangible assets related to business combinations	(72.8)
2019 Impairment of goodwill	(1,801.0)
Change in loss (gain) arising on financial asset (liabilities) at fair value through profit or loss	49.8
Other items	(7.4)
Changes in the net cash generated from (used by) operating activities before net change in non-cash working capital items	78.8
Decrease in cash used by the changes in non-cash working capital items	605.6
Net cash generated from operating activities for the first nine months of 2020	\$ 16.9

- **Net cash generated from operating activities before net change in non-cash working capital items totaled \$5.3 million for the first nine months of 2020**, compared with net cash used for operating activities before net change in working capital items of \$73.5 million for the first nine months of 2019.
- As detailed in Note 9B to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020, **changes in non-cash working capital items generated net cash of \$11.6 million in the first nine months of 2020**, compared with net cash used of \$594.0 million in the corresponding period of 2019. This difference reflected mainly a favorable variance in trade receivables, contract assets, inventories and in other current non-financial liabilities, partially offset by an unfavorable variance in other current financial assets, in trade payables and in contract liabilities.
 - The favorable variance in other current non-financial liabilities is due in part to the deferral of payments of certain taxes, such as sales taxes and income taxes, in some jurisdictions. Such deferrals resulted from temporary measures implemented as part of certain governmental initiatives related to the COVID-19 pandemic.
 - The unfavorable variance in other current financial assets in the first nine months of 2020 was mainly attributable to the inclusion of insurance receivable in connection with the Pyrrhotite Case litigation, for which the Company made a cash payment of approximately \$200 million in the third quarter of 2020 (described in the 2019 Annual MD&A, as updated in Note 12 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020).
- From a business line perspective, SNCL Engineering Services generated \$549.7 million of cash from operating activities in the first nine months of 2020, while SNCL Projects used \$233.1 million of cash from operating activities. The remaining amount relates to Capital, corporate activities and items not allocated to the Company's segments.

INVESTING ACTIVITIES

Net cash used for investing activities amounted to \$143.6 million for the first nine months of 2020, compared with net cash generated from investing activities of \$2,742.2 million in the corresponding period of 2019, a variance reconciled as follows:

(IN MILLIONS CA\$)	NINE-MONTH PERIOD
Net cash generated from investing activities for the first nine months of 2019	\$ 2,742.2
Changes between the first nine months of 2020 and first nine months of 2019:	
Decrease in acquisition of property and equipment	10.3
Increase in payments for Capital investments	(15.9)
Favorable change in restricted cash position	18.4
Lower increase in receivables under service concession arrangements, net of recovery	17.5
2019 Net cash inflow on disposal of a 10.01% stake of Highway 407 ETR	(3,000.0)
2019 Net cash inflow on acquisition of Linxon	(14.9)
2019 Payments for disposition-related costs on disposals of Capital investments	94.9
Other items	3.9
Net cash used for investing activities for the first nine months of 2020	\$ (143.6)

- For the first nine months of 2020, payments for Capital investments amounted to \$55.8 million**, compared with \$40.0 million for the corresponding period of 2019. The payments made in the first nine months of 2020 included mainly the contribution made by the Company to the Signature on the Saint-Laurent Group General Partnership and Carlyle Global Infrastructure Opportunity Fund, L.P. The payments made in the first nine months of 2019 included mainly the contribution made by the Company to the Rideau Transit Group General Partnership.

FINANCING ACTIVITIES

Net cash generated from financing activities totaled \$90.5 million for the first nine months of 2020, compared with net cash used for financing activities of \$1,763.3 million in the corresponding period of 2019, a variance reconciled as follows:

(IN MILLIONS CA\$)	NINE-MONTH PERIOD
Net cash used for financing activities for the first nine months of 2019	\$ (1,763.3)
Changes between the first nine months of 2020 and first nine months of 2019:	
Lower repayment of recourse debt	1,912.1
Lower repayment of limited recourse debt	600.0
Lower increase in recourse debt	(532.4)
Higher repayment of non-recourse debt	(79.2)
Lower increase in non-recourse debt	(78.2)
Decrease in payment of dividends to SNC-Lavalin shareholders	28.1
Higher increase in other non-current financial liabilities	3.5
Net cash generated from financing activities for the first nine months of 2020	\$ 90.5

- The changes in cash flows related to financing activities between the first nine months of 2020 and the corresponding period of 2019 were primarily explained by the elements in the table above, notably:
 - The increase in recourse debt of \$1.3 billion in the first nine months of 2020, compared with \$1.8 billion in the corresponding period of 2019.
 - In the first quarter of 2020, the Company drew down \$1.0 billion under its committed revolving facility under the Credit Agreement in order to secure access to liquidity while financial markets were facing challenges. The Company subsequently repaid this draw-down in full.
 - In the third quarter of 2020, the Company issued, on a private placement basis, new unsecured Series 6 Debentures in the principal amount of \$300 million further described in Section 6.3.
 - The following transactions on recourse debt, limited recourse and non-recourse debt took place in the first nine months of 2019:
 - The repayment of the balance then outstanding on the revolving facility under the Credit Agreement;
 - The repayment of \$600 million of limited recourse debt;
 - The repayment in full of certain debentures maturing in 2019; and
 - The borrowing and repayment in full of \$300 million on a bridge credit facility.
- The Company also provides a reconciliation between the opening and closing balances in its statement of financial position for liabilities arising from financing activities for the nine-month periods ended September 30, 2020 and 2019 in Note 9C to its unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020.
- The Company did not issue and did not repurchase any shares either in the first nine months of 2020 or in the first nine months of 2019. The number of common shares outstanding as at October 21, 2020 was 175,554,252.
- **The dividend paid decreased to \$10.5 million in the first nine months of 2020**, from \$38.6 million in the corresponding period of 2019, as the Company further reduced, starting with the dividend declared on August 1, 2019, the amount of dividend per share in order to deleverage and strengthen its balance sheet.

6.2 CAPITAL RESOURCES

(IN MILLIONS CA\$)	SEPTEMBER 30 2020	DECEMBER 31 2019
Cash and cash equivalents	\$ 1,150.5	\$ 1,188.6
Unused portion of committed revolving credit facilities ^{(1), (2)}	2,335.2	2,411.9
Available short-term capital resources	\$ 3,485.7	\$ 3,600.5

⁽¹⁾ Including cash draws and letters of credit issued on a committed basis, but excluding bilateral letters of credit that can be issued on a non-committed basis.

⁽²⁾ Before considering potential limitations resulting from contractual covenants.

As at September 30, 2020, the Company has a committed revolving facility of \$2,600 million under its Credit Agreement (December 31, 2019: \$2,600 million), of which \$2,335.2 million was unused (December 31, 2019: \$2,411.9 million), and uncommitted credit facilities by way of bilateral letters of credit.

While liquidity remains subject to numerous risks, uncertainties and limitations, including but not limited to the risks described under Section 10 “Risks and Uncertainties” and in this Section, the Company believes that its current liquidity position, including its cash position, unused credit capacity and cash generated from its operations, should be sufficient to fund its operations over the foreseeable future. However, the ongoing COVID-19 pandemic has created and continues to create an environment and circumstances in which it is difficult to anticipate future economic and financial conditions and access to capital, credit and financial markets and, as such, statements regarding the Company’s future liquidity are uncertain and subject to the risks and uncertainties relating to the COVID-19 pandemic. See also Section 10, “Risks and Uncertainties”, for a more specific update of the risks and uncertainties relating to the Company caused by the COVID-19 pandemic.

In addition, due to the nature of the Company’s activities and the fact that its operations are conducted through multiple entities and joint arrangements on an international level, the Company’s cash and cash equivalents are distributed across numerous locations. In order to manage its cash needs and reserves, the Company is part of various cash pooling agreements with financial institutions and may transfer cash balances between subsidiaries, joint arrangements or investees or use credit facilities to meet the capital requirements of certain projects or other cash disbursements.

6.3 DEBT AND FINANCING AGREEMENTS

NON-RECOURSE DEBT, LIMITED RECOURSE DEBT AND RECOURSE DEBT

The Company does not consider non-recourse and limited recourse debt when monitoring its capital because such debt results from the consolidation of certain Capital investments or holding entities held by the Company. As such, the lenders of such debt do not have recourse to the general credit of the Company, but rather to the specific assets of the Capital investments or investment in Capital investments they finance. The Company’s investments and underlying assets in its Capital investments accounted for by the consolidation or equity methods may be at risk, however, if such investments or holding entities were unable to repay their long-term debt.

The net recourse debt to EBITDA ratio under the Company’s Credit Agreement and the loan agreement with CDPQ Revenu Fixe Inc., a wholly-owned subsidiary of Caisse de dépôt et placement du Québec (the “SNC-Lavalin Highway Holdings Loan Agreement”) (each as amended from time to time), which should not exceed, as at September 30, 2020: (a) 3.75x insofar as the Company’s Credit Agreement is concerned; and (b) 3.50x insofar as the SNC-Lavalin Highway Holdings Loan Agreement is concerned, was 1.7x on that date.

The terms “net recourse debt” and “EBITDA” are defined in the Credit Agreement and in the SNC-Lavalin Highway Holdings Loan Agreement and do not correspond to the specific terms used in this MD&A. Furthermore, such ratio is calculated using certain financial information not disclosed in the Company’s unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020 or in this MD&A. For example, the ratio includes the amount of down-payments on contracts totaling \$259.3 million as at September 30, 2020 (December 31, 2019: \$322.4 million) and the amount of outstanding financial letters of credit totaling \$108.4 million as at September 30, 2020 (December 31, 2019: \$259.6 million) as part of the net recourse debt calculation.

ISSUANCE OF SERIES 6 DEBENTURES AND REPURCHASE OF A PORTION OF 2020 DEBENTURES

In the third quarter of 2020, SNC-Lavalin issued, on a private placement basis, new unsecured Series 6 Debentures in the principal amount of \$300 million, which bear interest at the rate of 3.80% *per annum* and mature on August 19, 2024. The net proceeds from this offering amounted to \$297.6 million and were used as follows: (i) to repay certain outstanding indebtedness under SNC-Lavalin's Revolving Facility; (ii) to fund the repurchase, through open market purchases, of \$40 million of the outstanding 2020 Debentures (which mature on November 24, 2020) (plus accrued and unpaid interest thereon up to closing); and (iii) for general corporate purposes.

6.4 CAPITAL MANAGEMENT INDICATORS

The Company periodically monitors capital using certain ratios, which are described further below.

CASH NET OF RECOURSE DEBT (NET RECOURSE DEBT)

Cash net of recourse debt (Net recourse debt) is a non-IFRS financial measure. A definition of this financial measure is provided in Section 9.

(IN MILLIONS CAS)	SEPTEMBER 30 2020	DECEMBER 31 2019
Cash and cash equivalents	\$ 1,150.5	\$ 1,188.6
Less:		
Cash and cash equivalents of Capital investments accounted for by the consolidation method	13.8	8.3
Recourse debt:		
Short-term debt and current portion of long-term debt	434.9	299.5
Long term debt	995.7	873.1
Cash net of recourse debt (Net recourse debt)	\$ (293.8)	\$ 7.7

- **Net recourse debt as at September 30, 2020 was \$293.8 million**, compared with cash net of recourse debt of \$7.7 million as at December 31, 2019, mainly resulting from an increase of recourse debt from the issuance of \$300 million unsecured Series 6 Debentures and the cash used for investing activities in the first nine months of 2020.

RETURN ON AVERAGE SHAREHOLDERS' EQUITY ("ROASE")

ROASE is a non-IFRS financial measure. A definition of this financial measure is provided in Section 9. **ROASE was -18.4% for the 12-month period ended September 30, 2020**, mainly reflecting the net loss recognized in the fourth quarter of 2019 and the net loss recognized in the first nine months of 2020, compared with -29.3% for the corresponding period of 2019, mainly due to the net loss recognized in the fourth quarter of 2018 and the net loss recognized in the first six months of 2019, partially offset by a gain on the disposal by the Company of 10.01% of the shares of Highway 407 ETR in the third quarter of 2019.

6.5 CREDIT RATING

On April 7, 2020, DBRS issued a rating report confirming the Company's rating of BBB (low) and maintaining the trend to negative. This rating confirmation is supported by a relatively better performance, comfortable liquidity position with cash balances of \$1.2 billion as at December 31, 2019, and the Company's ongoing efforts to execute the new strategy focusing on engineering service offerings and exiting LSTK contracting. On August 14, 2020, DBRS assigned a BBB (low) negative trend on the Company's Series 6 \$300 million unsecured debentures due in 2024.

On May 15, 2020, S&P affirmed its BB+ rating and maintained its negative outlook. The negative outlook primarily reflects uncertainty in the Company's ability to improve earnings and cash flow so that the adjusted debt-to-EBITDA ratio, as per S&P's methodology, returns below 3x by 2020. On August 17, 2020, S&P assigned a BB+ issued-level rating on the Company's Series 6 \$300 million unsecured debentures due in 2024.

6.6 DIVIDENDS DECLARED

Quarterly cash dividends of \$0.02 per share were declared on February 28, 2020, May 7, 2020 and July 31, 2020 and were paid on March 27, 2020, June 4, 2020 and August 28, 2020 respectively, compared with the corresponding quarterly cash dividends of \$0.10 per share declared and paid in the first and second quarters of 2019 and of \$0.02 per share declared and paid in the third quarter of 2019.

6.7 CONTRACTUAL OBLIGATIONS

Details of the Company's various contractual obligations are provided in Section 9.7 of the Company's 2019 Annual MD&A. In the first nine months of 2020, there was no material change to the Company's contractual obligations, other than its repayment obligations with respect to the issuance in the third quarter of 2020 of unsecured Series 6 debentures in the principal amount of \$300 million, classified as recourse debt and described at Section 6.3.

6.8 FINANCIAL INSTRUMENTS

The nature and extent of risks arising from financial instruments, and their related risk management, are described in Note 30 to the Company's 2019 annual audited consolidated financial statements and updated as needed in Note 11 to its unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020. In the first nine months of 2020, there was no material change to the nature of risks arising from financial instruments, related risk management or classification of financial instruments. Furthermore, there was no change in the methodology used to determine the fair value of the financial instruments that are measured at fair value on the Company's consolidated statement of financial position.

6.9 FINANCIAL POSITION

The following is an analysis of the changes to the Company's financial position between December 31, 2019 and September 30, 2020.

(IN MILLIONS CA\$)	SEPTEMBER 30 2020	DECEMBER 31 2019	CHANGE (\$)	EXPLANATIONS
Current assets	4,944.1	5,150.1	(206.0)	The decrease in current assets was mainly due to a decrease in trade receivables, contract assets and inventories, partially offset by an increase in other current financial assets.
Non-current assets	6,309.5	6,494.6	(185.2)	The decrease in non-current assets was principally due to a decrease in intangible assets related to business combinations, and other non-current financial assets.
Total assets	\$ 11,253.6	\$ 11,644.7	\$ (391.2)	
Current liabilities	\$ 4,483.3	\$ 4,527.9	\$ (44.6)	The decrease in current liabilities was mainly due to a decrease in trade payables, partially offset by an increase in other current non-financial liabilities and in short-term debt and current portion of long-term debt.
Non-current liabilities	3,361.3	3,399.4	(38.1)	The decrease in non-current liabilities was mainly due to a decrease in non-current portion of lease liabilities, other non-current financial liabilities and deferred income tax liability, partially offset by the increase in long-term recourse debt.
Total liabilities	\$ 7,844.6	\$ 7,927.3	(82.7)	
Equity attributable to SNC-Lavalin shareholders	\$ 3,399.5	\$ 3,715.0	(315.5)	The decrease was mainly due to a decrease in retained earnings, mainly from the net loss for the period.
Non-controlling interests	9.4	2.4	7.0	The increase was mainly due to the amount of net income attributable to non-controlling interests in 2020.
Total equity	\$ 3,409.0	\$ 3,717.4	\$ (308.5)	
Total liabilities and equity	\$ 11,253.6	\$ 11,644.7	\$ (391.2)	

WORKING CAPITAL

(IN MILLIONS CA\$, except current ratio)	SEPTEMBER 30 2020	DECEMBER 31 2019	CHANGE (\$)	EXPLANATIONS
Working Capital ⁽¹⁾	\$ 460.8	\$ 622.2	\$ (161.4)	Decrease was mainly due to a decrease in trade receivables.
Current Ratio ⁽¹⁾	1.10	1.14	(0.03)	

⁽¹⁾ Additional IFRS financial measures. Please refer to Section 9 for further information on these financial measures.

7 Related Party Transactions

The Company discloses information on its related party transactions, as defined in IAS 24, *Related Party Disclosures*, in Note 10 to its unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020.

8 Accounting Policies and Changes

Please refer to Note 2 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020 for more information regarding the Company's significant accounting policies and changes, including the changes made to comparative figures as described below.

Effective as of the second quarter of 2020, the measure of profit or loss of each segment is referred to (without any change to this financial measure's composition) as Segment Adjusted EBIT (formerly "Segment EBIT") to clarify that this measure excludes items other than interest and taxes. Also, effective as of the second quarter of 2020, the Company presents the financial results of Capital outside of SNCL Engineering Services to further simplify the presentation of financial information excluding Capital. This change, which only modified the presentation of financial information provided, was made in accordance with IAS 8 resulting in the restatement of prior period figures.

9 Non-IFRS Financial Measures and Additional IFRS Measures

The following section provides information regarding non-IFRS financial measures and additional IFRS measures used by the Company to analyze and evaluate its results. Non-IFRS financial measures do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Management believes that, in addition to conventional measures prepared in accordance with IFRS, these non-IFRS measures provide additional insight into the Company's operating performance and financial position and certain investors may use this information to evaluate the Company's performance from period to period. However, these non-IFRS financial measures have limitations and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Furthermore, certain non-IFRS financial measures and additional IFRS measures are presented separately for each of PS&PM and Capital, as the Company believes that such measures are useful as these activities are usually analyzed separately by the Company.

9.1 Performance

Adjusted diluted earnings per share (“Adjusted diluted EPS”) is defined as adjusted net income (loss) attributable to SNC-Lavalin shareholders, divided by the diluted weighted average number of outstanding shares for the period. Adjusted diluted EPS is a non-IFRS financial measure that is an indicator of the financial performance of the Company’s activities and allows to present the adjusted net income (loss) attributable to SNC-Lavalin shareholders on a diluted share basis. Refer to [Section 9.3](#) for the reconciliation of Adjusted diluted EPS to diluted EPS (namely, net income (loss) per diluted share) as determined under IFRS. Such reconciliation is provided on a consolidated basis and also separately for each of PS&PM and Capital, as the Company believes that such measures are useful since these activities are also analyzed separately by the Company.

Adjusted EBITDA is a non-IFRS financial measure used by management to facilitate operating performance comparison from period to period and to prepare annual operating budgets and forecasts. Adjusted EBITDA excludes charges related to restructuring costs, acquisition-related costs and integration costs, gains (losses) on disposals of PS&PM businesses and Capital investments (or adjustments to gains or losses on such disposals), the adjustment to provision for the Pyrrhotite Case litigation (described in the 2019 Annual MD&A, as updated in Note 12 to the Company’s unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020), the Federal charges settlement (PPSC) expense and the fair value revaluation of the Highway 407 ETR contingent consideration receivable. It should be noted that, in 2020, management has added as components to Adjusted EBITDA the amounts of the fair value revaluation of the Highway 407 ETR contingent consideration receivable and the adjustment to provision for the Pyrrhotite Case litigation as it believes that such items are not reflective of the Company’s underlying operations. Such additions did not result in any change to comparative figures as there was no adjustment of this nature in the comparative periods being presented. Also, it should be noted that the following adjustments were removed from the list of adjustments disclosed in prior periods as there was no adjustment of this nature in the current periods and the previous year: the net expense for the 2012 class action lawsuit settlement and related legal costs and the GMP equalization expense. The Company believes that Adjusted EBITDA is useful for providing securities analysts, investors and other parties with additional information to assist them in understanding components of its financial results, including a more complete understanding of factors and trends affecting the Company’s operating performance. Adjusted EBITDA is believed to supplement information provided, as it highlights trends that may not otherwise be apparent when relying solely on IFRS financial measures. Refer to [Section 9.3](#) for a reconciliation of Adjusted EBITDA to net income (loss) as determined under IFRS. Such reconciliation is provided on a consolidated basis and also separately for each of PS&PM and Capital, as the Company believes that such measures are useful since these activities are analyzed separately by the Company.

Adjusted net income (loss) attributable to SNC-Lavalin shareholders is defined as net income (loss) attributable to SNC-Lavalin shareholders, adjusted for certain specific items that are significant but are not, based on management’s judgement, reflective of the Company’s underlying operations. These adjustments are restructuring costs, acquisition-related costs and integration costs, amortization of intangible assets related to business combinations, impairment of intangible assets related to business combinations and impairment of goodwill, gains (losses) on disposals of PS&PM businesses and Capital investments (or adjustments to gains or losses on such disposals), financing costs related to the agreement to sell shares of Highway 407 ETR, the fair value revaluation of the Highway 407 ETR contingent consideration receivable, the federal charges settlement (PPSC) expense and the adjustment to provision for the Pyrrhotite Case litigation. It should be noted that, in 2020, management has added as components of Adjusted net income (loss) attributable to SNC-Lavalin shareholders the amounts of the fair value revaluation of Highway 407 ETR contingent consideration receivable and the adjustment to provision for the Pyrrhotite Case litigation as it believes that such items are not reflective of the Company’s underlying operations. Such additions did not result in any change to comparative figures as there was no adjustment of this nature in the comparative periods being presented. Also, it should be noted that the following adjustments were removed from the list of adjustments disclosed in prior periods as there was no adjustment of this nature in the current periods and the previous year: the net expense for the 2012 class action lawsuit settlement and related legal costs, the GMP equalization expense and the impact of U.S. corporate tax reform. The Company believes that Adjusted net income (loss) attributable to SNC-Lavalin shareholders is useful for providing securities analysts, investors and other parties with additional information to assist them in understanding components of its financial results, including a more complete understanding of factors and trends

affecting the Company's operating performance. Adjusted net income (loss) attributable to SNC-Lavalin shareholders is believed to supplement information provided, as it highlights trends that may not otherwise be apparent when relying solely on IFRS financial measures. It is also used by management to evaluate the performance of the activities of the Company from period to period. Refer to [Section 9.3](#) for a reconciliation of Adjusted net income (loss) attributable to SNC-Lavalin shareholders to net income (loss) as determined under IFRS. Such reconciliation is provided on a consolidated basis and also separately for each of PS&PM and Capital, as the Company believes that such measures are useful since these activities are analyzed separately by the Company.

Booking-to-revenue ratio corresponds to contract bookings divided by the revenues, for a given period. This measure provides a useful basis for assessing the renewal of business, as it compares the value of performance obligations added in a given period to the amount of revenue recognized upon satisfying performance obligations in the same given period.

EBIT is an indicator of the entity's capacity to generate earnings from operations before income taxes and before taking into account management's financing decisions. Accordingly, EBIT is defined as earnings before net financial expenses (income) and income taxes. Refer to [Section 9.3](#) for a reconciliation of EBIT to net income (loss) as determined under IFRS.

EBITDA is defined as earnings before net financial expenses (income), income taxes, depreciation and amortization. As such, this financial measure allows comparability of operating results from one period to another by excluding the effects of items that are usually associated with investing and financing activities. Refer to [Section 9.3](#) for a reconciliation of EBITDA to net income (loss) as determined under IFRS.

Return on Average Shareholders' Equity ("ROASE") corresponds to the trailing 12-month net income (loss) attributable to SNC-Lavalin shareholders, divided by a trailing 13-month average equity attributable to SNC-Lavalin shareholders, excluding "other components of equity". The Company excludes "other components of equity" because this element of equity results in part from the translation into Canadian dollars of its foreign operations having a different functional currency, and from the accounting treatment of cash flow hedges, including its accumulated share of other comprehensive income (loss) of investments accounted for by the equity method. These amounts are not representative of the way the Company evaluates the management of its foreign currency risk and interest risk. The Company believes that this financial measure is useful to compare its profitability to a measure of equity that excludes certain elements prone to volatility.

Segment Adjusted EBIT consists of revenues allocated to the applicable segment less i) direct costs of activities, ii) directly related selling, general and administrative expenses, and iii) corporate selling, general and administrative expenses that are allocated to segments. Segment Adjusted EBIT is the measure used by management to evaluate the performance of the Company's segments, and gives investors an indication of the profitability of each segment, as it excludes certain items that the Company believes are not reflective of the segment's underlying operations. Such financial measure also facilitates period-to-period comparisons of the underlying segment's performance. Expenses that are not allocated to the Company's segments are: certain corporate selling, general and administrative expenses that are not directly related to projects or segments, impairment loss arising from expected credit losses, gain (loss) arising on financial assets (liabilities) at fair value through profit or loss, restructuring costs, impairment of goodwill, impairment of intangible assets related to business combinations, acquisition-related costs and integration costs, amortization of intangible assets related to business combinations, the federal charges settlement (PPSC) expense and gains (losses) on disposals of PS&PM businesses and Capital investments (or adjustments to gains or losses on such disposals), net financial expenses and income taxes. Also, it should be noted that the following adjustment was removed from the list of adjustments disclosed in prior periods as there was no adjustment of this nature in the current periods and the previous year: the net expense for the 2012 class action lawsuit settlement and related legal costs. See reconciliation of Segment Adjusted EBIT to net income (loss) in [Section 4](#). A reconciliation of Segment Adjusted EBIT from PS&PM and from Capital to net income (loss) as determined under IFRS is presented in Note 3 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020.

Segment Adjusted EBITDA is a supplemental measure derived from the Segment Adjusted EBIT and used by management to evaluate the performance of the Company's segments but excluding certain items related to investing activities, through the exclusion of depreciation and amortization from direct costs of activities. Management believes that this measure is used by certain securities analysts and investors when comparing the Company's performance against competitors. See reconciliation of Segment Adjusted EBITDA to Segment Adjusted EBIT in [Section 9.3](#), whereas the Segment Adjusted EBIT is reconciled to net income (loss) in [Section 4](#).

Segment Adjusted EBIT to revenue ratio and **Segment Adjusted EBITDA to revenue ratio** are two measures used to analyze the profitability of the Company's segments and facilitate period-to-period comparisons, as well as comparison with peers. These financial measures are calculated by dividing the amount of Segment Adjusted EBIT (Segment Adjusted EBITDA) of a given period to the amount of revenue for the same period.

9.2 Liquidity

Cash net of recourse debt (or Net recourse debt) corresponds to cash and cash equivalents, less cash and cash equivalents from Capital investments accounted for by the consolidation method and the Company's recourse debt. It provides a view of the Company's liquidity compared to its indebtedness, excluding the liquidity and debt of non-recourse financing. As such, it is believed to be helpful when analyzing the Company's liquidity. Refer to [Section 6.4](#) for a reconciliation of Cash net of recourse debt (or Net recourse debt) to cash and cash equivalents as determined under IFRS.

Working capital corresponds to the amount of the Company's total current assets minus its total current liabilities and the **Current ratio** corresponds to the Company's total current assets divided by its total current liabilities. Both measures are used to compare the Company's current assets with its current liabilities and are believed to be useful metrics in analyzing the Company's liquidity.

9.3 Reconciliations

The tables below provide a quantitative reconciliation between certain non-IFRS measures to the most comparable measure specified under IFRS:

THIRD QUARTERS ENDED SEPTEMBER 30 (IN MILLIONS CA\$, EXCEPT PER DILUTED SHARE INFORMATION [\$])	2020			2019		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Net income (loss)	\$ (109.9)	\$ 25.5	\$ (84.4)	\$ 116.8	\$ 2,639.8	\$ 2,756.6
Less:						
Non-controlling interests	0.7	—	0.7	(0.1)	—	(0.1)
Net income (loss) attributable to SNC-Lavalin shareholders	\$ (110.6)	\$ 25.5	\$ (85.1)	\$ 116.9	\$ 2,639.8	\$ 2,756.7
Adjustments (net of income taxes):						
Restructuring costs	\$ 25.8	\$ —	\$ 25.8	\$ 15.2	\$ 0.7	\$ 15.9
Acquisition-related costs and integration costs	—	—	—	0.4	—	0.4
Amortization of intangible assets related to business combination	18.9	—	18.9	32.8	—	32.8
Gain on disposal of a Capital investment	—	—	—	—	(2,587.8)	(2,587.8)
Loss on disposals of PS&PM businesses	7.5	—	7.5	—	—	—
Adjusted net income (loss) attributable to SNC-Lavalin shareholders	\$ (58.4)	\$ 25.5	\$ (32.9)	\$ 165.3	\$ 52.7	\$ 218.0
Diluted EPS (in \$)	\$ (0.63)	\$ 0.15	\$ (0.48)	\$ 0.67	\$ 15.04	\$ 15.70
Adjustments (net of income taxes):						
Restructuring costs	\$ 0.15	\$ —	\$ 0.15	\$ 0.09	\$ 0.00	\$ 0.09
Acquisition-related costs and integration costs	—	—	—	—	—	—
Amortization of intangible assets related to business combinations	0.11	—	0.11	0.19	—	0.19
Gain on disposal of a Capital investment	—	—	—	—	(14.74)	(14.74)
Loss on disposals of PS&PM businesses	0.04	—	0.04	—	—	—
Adjusted diluted EPS	\$ (0.33)	\$ 0.15	\$ (0.19)	\$ 0.94	\$ 0.30	\$ 1.24

SNC-LAVALIN GROUP INC.

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS CA\$, EXCEPT PER DILUTED SHARE INFORMATION [\$])	2020			2019		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Net income (loss)	\$ (268.9)	\$ 12.1	\$ (256.8)	\$ (2,135.7)	\$ 2,755.3	\$ 619.6
Less:						
Non-controlling interests	5.9	—	5.9	(1.5)	—	(1.5)
Net income (loss) attributable to SNC-Lavalin shareholders	\$ (274.8)	\$ 12.1	\$ (262.7)	\$ (2,134.2)	\$ 2,755.3	\$ 621.1
Adjustments (net of income taxes):						
Restructuring costs	\$ 75.2	\$ —	\$ 75.2	\$ 54.4	\$ 2.5	\$ 56.9
Acquisition-related costs and integration costs	—	—	—	5.9	—	5.9
Amortization of intangible assets related to business combination	84.6	—	84.6	116.0	—	116.0
Gain on disposal of a Capital investment	—	—	—	—	(2,587.8)	(2,587.8)
Financing costs related to the agreement to sell shares of Highway 407 ETR	—	—	—	27.4	—	27.4
Fair value revaluation of Highway 407 ETR contingent consideration receivable	—	49.6	49.6	—	—	—
Loss on disposals of PS&PM businesses	7.5	—	7.5	0.2	—	0.2
Adjustment to provision for the Pyrrhotite Case litigation	7.0	—	7.0	—	—	—
Impairment of intangible assets related to business combinations	—	—	—	60.1	—	60.1
Impairment of goodwill	—	—	—	1,720.9	—	1,720.9
Adjusted net income (loss) attributable to SNC-Lavalin shareholders	\$ (100.5)	\$ 61.7	\$ (38.8)	\$ (149.4)	\$ 170.1	\$ 20.7
Diluted EPS (in \$)	\$ (1.57)	\$ 0.07	\$ (1.50)	\$ (12.16)	\$ 15.69	\$ 3.54
Adjustments (net of income taxes):						
Restructuring costs	\$ 0.43	\$ —	\$ 0.43	\$ 0.31	\$ 0.01	\$ 0.32
Acquisition-related costs and integration costs	—	—	—	0.03	—	0.03
Amortization of intangible assets related to business combinations	0.48	—	0.48	0.66	—	0.66
Gain on disposal of a Capital investment	—	—	—	—	(14.74)	(14.74)
Financing costs related to the agreement to sell shares of Highway 407 ETR	—	—	—	0.16	—	0.16
Fair value revaluation of Highway 407 ETR contingent consideration receivable	—	0.28	0.28	—	—	—
Loss on disposals of PS&PM businesses	0.04	—	0.04	0.00	—	0.00
Adjustment to provision for the Pyrrhotite Case litigation	0.04	—	0.04	—	—	—
Impairment of intangible assets related to business combinations	—	—	—	0.34	—	0.34
Impairment of goodwill	—	—	—	9.80	—	9.80
Adjusted diluted EPS	\$ (0.57)	\$ 0.35	\$ (0.22)	\$ (0.85)	\$ 0.97	\$ 0.12

SNC-LAVALIN GROUP INC.

THIRD QUARTERS ENDED SEPTEMBER 30 (IN MILLIONS CA\$, EXCEPT %)	2020			2019		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Net income (loss)	\$ (109.9)	\$ 25.5	\$ (84.4)	\$ 116.8	\$ 2,639.8	\$ 2,756.6
Net financial expenses	25.4	3.9	29.3	37.6	4.6	42.1
Income taxes	44.4	0.7	45.1	(86.2)	395.4	309.3
EBIT	\$ (40.1)	\$ 30.1	\$ (10.0)	\$ 68.2	\$ 3,039.8	\$ 3,108.0
Depreciation and amortization	\$ 49.4	\$ 0.1	\$ 49.5	\$ 57.5	\$ 0.1	\$ 57.6
Amortization of intangible assets related to business combinations	23.2	—	23.2	41.7	—	41.7
EBITDA	\$ 32.5	\$ 30.1	\$ 62.7	\$ 167.4	\$ 3,039.9	\$ 3,207.3
(as % of Revenues)	1.7 %	N/A	3.1 %	7.1 %	N/A	131.9 %
Restructuring costs	\$ 32.8	\$ —	\$ 32.8	\$ 18.3	\$ 1.0	\$ 19.3
Acquisition-related costs and integration costs	—	—	—	(0.8)	—	(0.8)
Loss on disposals of PS&PM businesses	7.5	—	7.5	—	—	—
Gain on disposal of a Capital investment	—	—	—	—	(2,970.8)	(2,970.8)
Adjusted EBITDA	\$ 72.8	\$ 30.1	\$ 102.9	\$ 184.9	\$ 70.1	\$ 255.0
(as % of Revenues)	3.7 %	N/A	5.1 %	7.9 %	N/A	10.5 %

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS CA\$, EXCEPT %)	2020			2019		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Net income (loss)	\$ (268.9)	\$ 12.1	\$ (256.8)	\$ (2,135.7)	\$ 2,755.3	\$ 619.6
Net financial expenses	74.8	12.4	87.2	174.0	13.5	187.5
Income taxes	20.0	(5.3)	14.7	(187.7)	388.6	201.0
EBIT	\$ (174.1)	\$ 19.2	\$ (155.0)	\$ (2,149.4)	\$ 3,157.4	\$ 1,008.0
Depreciation and amortization	\$ 161.1	\$ 0.2	\$ 161.3	\$ 169.6	\$ 0.2	\$ 169.8
Amortization of intangible assets related to business combinations	103.6	—	103.6	142.0	—	142.0
Impairment of intangible assets related to business combinations	—	—	—	72.8	—	72.8
Impairment of goodwill	—	—	—	1,801.0	—	1,801.0
EBITDA	\$ 90.5	\$ 19.4	\$ 109.9	\$ 36.1	\$ 3,157.6	\$ 3,193.6
(as % of Revenues)	1.5 %	N/A	1.8 %	0.5 %	N/A	45.1 %
Restructuring costs	\$ 89.3	\$ —	\$ 89.3	\$ 67.8	\$ 3.6	\$ 71.4
Acquisition-related costs and integration costs	—	—	—	8.3	—	8.3
Loss on disposals of PS&PM businesses	7.5	—	7.5	0.2	—	0.2
Gain on disposal of a Capital investment	—	—	—	—	(2,970.8)	(2,970.8)
Fair value revaluation of the Highway 407 ETR contingent consideration receivable	—	57.2	57.2	—	—	—
Adjustment to provision for the Pyrrhotite Case litigation	10.0	—	10.0	—	—	—
Adjusted EBITDA	\$ 197.3	\$ 76.6	\$ 273.9	\$ 112.3	\$ 190.4	\$ 302.7
(as % of Revenues)	3.2 %	N/A	4.4 %	1.6 %	N/A	4.3 %

SNC-LAVALIN GROUP INC.

THIRD QUARTERS ENDED SEPTEMBER 30 (IN MILLIONS CAS)	2020			2019		
	SEGMENT ADJUSTED EBIT	DEPRECIATION AND AMORTIZATION	SEGMENT ADJUSTED EBITDA	SEGMENT ADJUSTED EBIT	DEPRECIATION AND AMORTIZATION	SEGMENT ADJUSTED EBITDA
BY SEGMENT						
EDPM	\$ 81.1	\$ 24.6	\$ 105.7	\$ 102.6	\$ 29.0	\$ 131.6
Nuclear	36.2	3.1	39.3	39.5	3.5	43.0
Infrastructure Services	25.1	2.4	27.5	33.6	7.1	40.7
SNCL Engineering Services - Total	\$ 142.4	\$ 30.1	\$ 172.5	\$ 175.7	\$ 39.6	\$ 215.3
Resources	(75.0)	7.2	(67.9)	(47.3)	9.3	(38.0)
Infrastructure EPC Projects	(25.1)	2.5	(22.6)	2.3	5.1	7.4
SNCL Projects - Total	\$ (100.1)	\$ 9.6	\$ (90.5)	\$ (45.0)	\$ 14.4	\$ (30.6)
PS&PM - Total	\$ 42.2	\$ 39.8	\$ 82.0	\$ 130.8	\$ 54.0	\$ 184.7
Capital	\$ 37.1	\$ 0.1	\$ 37.2	\$ 77.1	\$ 0.1	\$ 77.2
Total	\$ 79.3	\$ 39.8	\$ 119.2	\$ 207.9	\$ 54.0	\$ 261.9

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS CAS)	2020			2019		
	SEGMENT ADJUSTED EBIT	DEPRECIATION AND AMORTIZATION	SEGMENT ADJUSTED EBITDA	SEGMENT ADJUSTED EBIT	DEPRECIATION AND AMORTIZATION	SEGMENT ADJUSTED EBITDA
BY SEGMENT						
EDPM	\$ 217.4	\$ 75.6	\$ 293.0	\$ 264.4	\$ 84.2	\$ 348.5
Nuclear	103.8	10.2	114.1	82.3	10.1	92.3
Infrastructure Services	65.2	7.6	72.8	53.3	11.2	64.4
SNCL Engineering Services - Total	\$ 386.4	\$ 93.5	\$ 479.9	\$ 399.9	\$ 105.4	\$ 505.3
Resources	(255.4)	25.3	(230.1)	(290.3)	33.3	(257.0)
Infrastructure EPC Projects	(40.3)	12.1	(28.2)	(129.9)	15.9	(113.9)
SNCL Projects - Total	\$ (295.7)	\$ 37.5	\$ (258.2)	\$ (420.2)	\$ 49.2	\$ (370.9)
PS&PM - Total	\$ 90.7	\$ 131.0	\$ 221.7	\$ (20.3)	\$ 154.6	\$ 134.4
Capital	\$ 97.5	\$ 0.2	\$ 97.7	\$ 211.7	\$ 0.2	\$ 211.9
Total	\$ 188.2	\$ 131.2	\$ 319.4	\$ 191.4	\$ 154.8	\$ 346.3

10 Risks and Uncertainties

10.1 PRINCIPAL RISKS AND UNCERTAINTIES

Reference is made to Note 12 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2020 and 2019 that this MD&A accompanies for updates regarding certain pending legal proceedings to which the Company and/or one or more of its subsidiaries and/or joint arrangements is party.

The following risk factor supplements the risk factors disclosed and described in the section entitled "Risks and Uncertainties" in the Company's 2019 Annual MD&A, in the Company's Q1-2020 MD&A, and in the Company's Q2-2020 MD&A. The risk factor "Impacts of the COVID-19 pandemic" is hereby updated and replaced to reflect the continued effects of the ongoing COVID-19 pandemic on the Company. Except as set forth below, in the Company's Q1-2020 MD&A and in the Company's Q2-2020 MD&A, there have been no material changes to the risk factors disclosed in the Company's 2019 Annual MD&A.

IMPACTS OF THE COVID-19 PANDEMIC AND OTHER NEAR-TERM RISKS AND UNCERTAINTIES

In late December 2019, a disease arising from a novel coronavirus ("COVID-19") was identified. It originated in Wuhan, the capital of the Hubei Province of China and subsequently spread globally. On March 11, 2020, the World Health Organization declared it was a pandemic. The COVID-19 pandemic has significantly disrupted global health, economic and market conditions, which has triggered an indeterminate period of slowdown in the global economy and recessions. The full impact of the COVID-19 pandemic, including the impact of the preventative and mitigation measures that the Company, other businesses and governments worldwide continue to take to combat the spread of the disease, continues to rapidly evolve. The COVID-19 pandemic has had and continues to have material adverse repercussions in the jurisdictions where the Company has offices, delivers services and holds investments, and has created and continues to create significant volatility and negative pressure on virtually all national economies as well as financial markets. At the present time, no person, entity or expert can accurately predict the duration or scope of the pandemic and, although some impacts have materialized, it remains challenging for the Company to accurately estimate or quantify the full scope and magnitude of the pandemic's impact on the Company, its business, financial condition and prospects. The COVID-19 pandemic has adversely affected, and will likely continue to adversely affect the Company's financial condition, liquidity, future results of operations and outlook due to, among other factors:

- Action taken by governmental and non-governmental bodies to curtail activity in an effort to help slow the spread of COVID-19, including the implementation of mandatory quarantines, restrictions on travel, "stay-at-home" orders and restrictions on the types of businesses that may continue to operate and on the types of construction projects that may continue to progress, have caused and may continue to cause significant business interruptions and have restricted and may continue to restrict the Company's ability to deliver its services. The Company's worldwide operations have been and will likely continue in the near and medium terms (and possibly longer) to be disrupted to varying degrees, including from (i) disruptions in the Company's supply chains leading to the inability for it to source the necessary personnel, equipment or parts, (ii) project delays resulting from temporary or partial project shutdowns, and (iii) the Company's inability to continue or resume projects as a result of extended or complete project shutdowns, which may, in each case, expose the Company to penalties or sanctions under contracts, business interruption claims or even the cancellation or termination of contracts altogether. In addition, such actions taken to curtail activity have also adversely impacted the Company's financial results due to the lower traffic on Highway 407 ETR resulting in lower dividend revenues that the Company has received from its remaining 6.76% stake in Highway 407 ETR, including the absence of dividends received from this investment in the second quarter of 2020, as well as a negative fair value revaluation for the Highway 407 ETR contingent consideration in the first quarter of 2020.

- The spread of COVID-19 may continue to impact the health of the Company's personnel, partners and contractors, including members of its management team, and may continue to make it difficult to recruit, attract and retain skilled personnel, reducing the availability of its workforce and causing human impacts that may, in turn, negatively impact its business. These impacts may be compounded by other seasonal illnesses, such as the seasonal flu.
- In certain jurisdictions where the Company operates, some of the previously implemented restrictive measures have been loosened or eliminated and the Company has been able to resume operations. Resumption, after the interruptions that the Company was subjected to, has been and may continue to be delayed or constrained as a result of the lingering effects of the impacts of COVID-19 on the Company's employees, contractors, suppliers, third-party service providers and customers. Resumption may also continue to impose an additional financial burden on the Company as it seeks to resume projects with adequate safety measures in place, which safety measures may not be sufficient to mitigate the risk of infection and could result in increased illness among the Company's employees and contractors and associated business interruption, as well as lower productivity due to revised working conditions. Despite the lifting of certain restrictive measures, recent resurgences of the virus in Canada, the United Kingdom, Europe and in other jurisdictions where the Company operates and the continuing spread of the pandemic in the United States, and any further resurgences of the pandemic, may cause the reintroduction of previously loosened or eliminated restrictions or the imposition of new restrictions that could potentially be more onerous.
- The Company has implemented work-from-home measures and most of the Company's Engineering Services personnel have been able, and continue, to work from non-office-based locations. However, these work-from-home measures have impacted and may continue to impact the productivity of certain employees. In addition, the measures implemented by the Company present operational challenges and cybersecurity risks as technology in employees' homes may not be as robust as in the Company's offices and, as such, could cause the networks, information systems, applications, and other tools available to employees to be more limited or less reliable than the Company's in-office technology. Moreover, as with many other companies and organizations that have implemented work-from-home measures, having a significant portion of the Company's workforce working remotely from non-office-based locations has led to an increase in the number of potential points of attack and greater cybersecurity risks, including increased phishing attacks, introduction of malware, strain on the local technology networks for remote operations, and may cause impairment of the ability to perform critical functions. The Company could also face legal, reputational and financial risks if it fails to protect data from security breaches or cyberattacks.
- The continued response to the COVID-19 pandemic could divert management's attention from the Company's key strategic priorities, increase costs as the Company prioritizes health and safety matters and complies with mitigation measures imposed upon it for the benefit of its personnel and the continuation of ongoing projects, and cause the Company to reduce, delay, alter or abandon initiatives that may otherwise increase its long-term value.
- Public perception of the risks associated with the COVID-19 pandemic have caused, and may continue to cause, a decrease in demand for the Company's services and worsening economic conditions.
- Although the Company continues to progress the restructuring of its underperforming Resources segment, significant decreases in the demand for oil and natural gas have had, and may well continue to have, an adverse impact on the demand for the Company's services in the Resources segment, as customers in the oil and gas sector continue to revise their capital budgets downwards and adjust their operations in response to uncertain market conditions and unstable commodity prices. In addition, the volatility in the oil and natural gas markets may pose liquidity challenges for the Company's Resources segment as its customers in the oil and gas sector may seek to delay, defer, restructure or stop payments in connection with their own liquidity issues, restructuring or creditor protection actions.

- While market conditions have in large part stabilized in recent months, unstable market conditions have caused, and, the resurgence or continued spread of the pandemic in many regions may once again cause, significant volatility or decline in the trading price of the Company's securities. In addition, the Company may have difficulty accessing debt and equity capital on attractive terms, or at all, given severe disruption or instability in the global financial markets and deteriorations in credit and financing conditions.

Due to the unprecedented and ongoing nature of the COVID-19 pandemic and the fact that the response to the pandemic is evolving in real time and differs geographically from one country/region to another, estimates of the economic impacts of the COVID-19 pandemic remain inherently highly uncertain and speculative. While the Company (i) has entered into a strategic alliance with key technology partners to provide a digital collaboration platform, which the Company's workforce may access from home or other remote locations to ensure that high levels of project delivery are maintained, (ii) has been awarded work as a result of the COVID-19 situation, including the SNC-Lavalin PAE joint arrangement being selected to support the Government of Canada's health preparedness efforts, and (iii) continues to bid and be awarded work on similar projects and has made efforts to manage and mitigate the aforementioned risk factors, such efforts may not sufficiently mitigate the negative impacts of COVID-19 on the business and the effectiveness of these efforts and the extent to which the COVID-19 pandemic affects the Company's business will depend on factors beyond its control, including the duration and scope of the pandemic and the current resurgences of the pandemic as well as the likelihood, timing, duration and scope of any further resurgences or accelerating spread of COVID-19, the measures taken or necessary to contain the spread of such outbreaks, the timing, development and distribution of one or more effective vaccines and/or effective therapeutic treatments for COVID-19, the reprioritization, delay or termination of existing projects, how quickly and to what extent normal economic activity can resume, and the prolonged effects on our customers and customer demand for our services. Even after the COVID-19 pandemic is over, the Company may continue to experience material adverse effects to its business, financial condition and prospects as a result of the continued disruption in the global economy and any resulting recession, the effects of which may persist beyond that time and which may not be fully reflected in our results of operations until future periods.

In addition to the uncertainty surrounding the ongoing COVID-19 pandemic, there is also near-term uncertainty arising from the upcoming November 2020 elections in the United States and the potential consequential impacts or changes to legislation, regulation and government policy, government programs and spending, potential government shutdowns, market and economic conditions and other related matters.

The COVID-19 pandemic and uncertainty related to the upcoming U.S. elections may also have the effect of heightening other risks and uncertainties disclosed and described in the section entitled "Risks and Uncertainties" in the 2019 Annual MD&A, the Company's Q1-2020 MD&A and the Company's Q2-2020 MD&A, such as, but not limited to, those related to the health and safety of the Company's workforce globally, the Company's liquidity and financial position, project delays and shutdowns (along with any incremental costs relating thereto), continued significant volatility in commodity prices, credit/collection risk of the Company's customers and partners, the Company's dependence on third parties and supply chain risks, procurement risks, risks in securing new contract awards, global and macroeconomic risks, the provision of services by the Company to government agencies, changes to or delays in executing the Company's strategic direction announced in July 2019, delays in completing the remainder of the LSTK construction contracts, and an increase in cyber-attacks.

11 Controls and Procedures

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining the Company's disclosure controls and procedures as well as its internal control over financial reporting, as those terms are defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") of the Canadian securities regulatory authorities.

The CEO and CFO have designed disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that:

- Material information relating to the Company is made known to them by others, particularly during the period in which the interim filings are being prepared; and
- Information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and CFO have also designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no changes in the Company's internal control over financial reporting that occurred during the three months ended on September 30, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

12 Quarterly Information

(IN MILLIONS CA\$, EXCEPT PER SHARE AMOUNTS)	2020			2019				2018
	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER	FOURTH QUARTER	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER	FOURTH QUARTER
Revenues:								
SNCL Engineering Services ⁽¹⁾	1,447.7	1,469.5	1,534.8	1,573.6	1,501.9	1,499.8	1,442.0	1,502.9
SNCL Projects	519.1	461.6	648.5	826.3	850.6	709.7	849.0	982.5
Capital ⁽¹⁾	38.9	21.6	46.2	36.2	79.6	74.7	72.2	77.1
Total Revenues	2,005.7	1,952.7	2,229.5	2,436.1	2,432.2	2,284.2	2,363.2	2,562.5
EBIT	(10.0)	(101.7)	(43.3)	(266.6)	3,108.0	(2,113.9)	13.9	(1,584.7)
Net financial expenses	29.3	26.3	31.5	24.6	42.1	92.9	52.4	44.3
Earnings (loss) before income taxes	(39.3)	(128.0)	(74.8)	(291.2)	3,065.9	(2,206.8)	(38.5)	(1,629.0)
Income taxes	45.1	(18.2)	(12.3)	(2.2)	309.3	(88.1)	(20.2)	(30.2)
Net income (loss)	(84.4)	(109.9)	(62.5)	(289.0)	2,756.6	(2,118.7)	(18.3)	(1,598.8)
Net income (loss) attributable to:								
SNC-Lavalin shareholders	(85.1)	(111.6)	(66.0)	(292.9)	2,756.7	(2,118.3)	(17.3)	(1,598.7)
Non-controlling interests	0.7	1.8	3.4	3.9	(0.1)	(0.4)	(1.0)	—
Net income (loss)	(84.4)	(109.9)	(62.5)	(289.0)	2,756.6	(2,118.7)	(18.3)	(1,598.7)
Basic earnings (loss) per share (\$)	(0.48)	(0.64)	(0.38)	(1.67)	15.70	(12.07)	(0.10)	(9.11)
Diluted earnings (loss) per share (\$):								
From PS&PM	(0.63)	(0.67)	(0.26)	(1.77)	0.67	(12.44)	(0.38)	(9.42)
From Capital	0.15	0.04	(0.11)	0.10	15.04	0.37	0.29	0.32
Diluted earnings (loss) per share (\$)	(0.48)	(0.64)	(0.38)	(1.67)	15.70	(12.07)	(0.10)	(9.11)
Dividend declared per share (\$)	0.02	0.02	0.02	0.02	0.02	0.02	0.10	0.10
Net income (loss) attributable to SNC-Lavalin shareholders from PS&PM	(110.6)	(118.2)	(45.9)	(310.4)	116.9	(2,183.8)	(67.4)	(1,654.3)
Net income (loss) attributable to SNC-Lavalin shareholders from Capital investments:								
From Highway 407 ETR	16.9	—	21.1	20.3	41.9	41.9	41.9	39.2
From other Capital investments	8.6	6.6	(41.1)	(2.8)	2,597.9	23.5	8.1	16.4
Net income (loss) attributable to SNC-Lavalin shareholders	(85.1)	(111.6)	(66.0)	(292.9)	2,756.7	(2,118.3)	(17.3)	(1,598.7)

⁽¹⁾ Comparative figures have been revised to reflect a change made to the Company's presentation of financial results of Capital, now presented separately from SNCL Engineering Services (see Section 8).

13

Events After the Reporting Period

In October 2020, the Company received an unfavorable arbitration ruling on one of its LSTK construction legacy projects in the Resources segment. As at September 30, 2020, a payable of \$57.9 million related to such ruling is included in “Other current financial liabilities” in the consolidated statement of financial position.